STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 07-E-0949 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service.

# ORDER ESTABLISHING ELECTRIC RATE PLAN FOR ORANGE AND ROCKLAND UTILITIES, INC.

(Issued and Effective July 23, 2008)

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on July 16, 2008

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman
Patricia L. Acampora
Maureen F. Harris
Robert E. Curry, Jr.
Cheryl A. Buley

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BY THE COMMISSION:

## INTRODUCTION

This case concerns the terms and conditions of electric delivery service for the approximately 224,000 full service (delivery and commodity) and retail access (delivery only) customers of Orange and Rockland Utilities, Inc. (O&R or the Company) in New York. Following the case's procedural history, this order summarizes the terms of the April 18, 2008 Joint Proposal (the Joint Proposal or JP),[1] the arguments of the active parties, and the comments of interested members of the public. Our discussion of each of the issues is followed by our conclusions and ordering paragraphs. For the reasons discussed below, we are adopting the proposed terms subject to some exceptions and conditions.

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[1] Appendix I.

## PROCEDURAL HISTORY

On August 10, 2007, the Company filed proposed tariff revisions and prefiled direct testimony and exhibits in support of an annual electric revenue increase of $47.8 million. The Company described this as a 7.77% increase over total forecast electric revenues (including a forecast of commodity revenues for full and retail access customers) before any rate changes.[2] The increase over transmission and distribution revenues and associated revenue taxes would be about 25.55%.[3] It was proposed that the revenue increase be effective for the rate year ending June 30, 2009.

The Company stated that this would be the first electric base rate or delivery service revenue increase since 1993. This statement is correct. Decisions concerning O&R's electric delivery revenues since 1990 are as follows:

| | | |
|---|---|---|
| 1. | Cases 89-E-175 and 89-E-176 September 26, 1990 Order | Annual electric revenue increase of $10.45 million, effective July 20, 1990. |
| 2. | Case 93-E-0082 April 29, 1993 order | Annual electric revenue increase of $691,000. |
| 3. | Case 93-E-0082 June 10, 1994 order | Rate case proceeding terminated without any further revenue increase. |
| 4. | Cases 95-E-0491 and 93-E-0849 August 1, 1995 order | Annual electric revenue decrease of $6.1 million, largely using credits due ratepayers for prior periods. |

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[2] The Company's August 10, 2007 filing letter, Appendix B.

[3] Exhibit (Ex.) 26, Schedule 2, p. 1, col. 3, line 14 divided by the sum of col. 3, line 5 and 43.63% of col. 3, line 8. $47,806,000 ÷ [$185,296,000 + (.4363 x 4,075)] = 25.5546%.

| | | |
|---|---|---|
| 5. | Case 96-E-0900 November 26, 1997 order | Annual electric revenue decrease of 1.09% followed by another 1.00% decrease to be effective one year later (O&R also required to divest its generation assets). |
| 6. | Case 98-M-0961 April 2, 1999 order | Annual electric revenue decrease of $6.14 million effective December 1, 1999, to reflect O&R N.Y. electric ratepayers' portion of savings projected to result from Consolidated Edison, Inc.'s acquisition of O&R. |
| 7. | Case 03-E-0797 October 23, 2003 order | Then existing annual electric rates to remain in effect for the period July 1, 2003 through October 1, 2006, primarily reflecting the availability of $21.5 million of credits due ratepayers. |
| 8. | Case 06-E-1433 March 1, 2007 order | O&R's existing electric rates made temporary and subject to refund or recoupment. |
| 9. | Case 06-E-1433 October 18, 2007 order[4] | O&R's existing electric rates to remain in effect, but rate allowances for pensions and other post-employment benefits and energy efficiency increased by $13.1 million, and by $290,000 to $360,000, respectively. |

Substantial plant investment in the last five years and over the next few years, in response to growth and to maintain reliability, and various increased expenses, were among

[4] O&R appealed the March 1, 2007 and October 18, 2007 orders. The appeals are docketed as Albany County Index Nos. 1264-08 and 5067-07.

the reasons given to support the $47.8 million. The August 10, 2007 filing also proposed second and third rate year annual electric revenue increases of $10.0 million and $5.1 million, respectively. The August 10, 2007 tariff filing is suspended through July 31, 2008.[5]

Active parties were identified and discovery of the Company’s filing ensued. The Company also filed updated information in support of its electric revenue request in mid-November 2007. That information suggested a need for additional annual electric revenues of $43.659 million for the first rate year.[6]

Department of Public Service Staff (DPS Staff) and other active parties had an opportunity to file prepared direct testimony and exhibits in late December 2007. DPS Staff alone took advantage of that opportunity. DPS Staff’s presentation focused solely on issues for the first rate year and supported an annual electric revenue increase of $17.497 million. Among other things, DPS Staff proposed disallowances of certain expenses, longer periods for the Company’s recovery of some deferred expenses, and an 8.9% equity return allowance for one year compared to the 11.2% and 11.5% initially requested by the Company for one and three rate years, respectively.

The Company’s rebuttal testimony and exhibits were filed in early January 2008. Its revenue requirements for the first rate year remained at about $47.7 million at that time. Exploratory discussions took place in Albany on January 17, 2008. Evidentiary hearings were held on February 5 and 6, 2008. As of the latter dates, the Company’s and DPS Staff’s rough estimates of the needed electric revenues for the first

[5] Case 07-E-0949, Order Suspending Major Rate Proceeding (issued August 27, 2007), Unnamed Order Further Suspending Rate Filing (issued December 20, 2007), and ARSO Order (issued June 19, 2008).

[6] Ex. 19, Sched. 2, p. 1.

rate year were $44.364 million[7] and $19.337 million,[8] respectively. These figures reflected some updates and corrections, but remained subject to other changes.

At the February hearings, some witnesses who had prefiled testimony and exhibits were cross-examined and others were not. Cross-examination was conducted by the Company, DPS Staff, the State Consumer Protection Board (CPB), the County Attorney for the County of Rockland (the County), and the Town of Ramapo.

A notice of impending negotiations was filed by the Company on February 13, 2008. The judge's memorandum concerning the adequacy of the notice, required by 16 NYCRR 3.9(a)(2), was submitted on February 15, 2008. The negotiating parties provided progress reports to the judge from time to time. While the parties initially reported that they were making progress, they did not reach an agreement or come to an impasse within the time available for negotiations with a July 6, 2008 statutory suspension date in effect. For this reason, the Company proposed to extend the suspension date through July 31, 2008, subject to a make whole and other conditions, so that more time could be devoted to negotiations.

On March 27, 2008, the parties reported to the judge that some of them had reached an agreement in principle concerning proposed terms for a three-year electric rate plan. A new procedural schedule was adopted that day, calling for the submission of an executed joint proposal on April 18, 2008, initial and reply statements, and further evidentiary submissions.

The Joint Proposal was submitted timely and was executed by the Company, DPS Staff, the Town of Ramapo, the

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[7] Transcript (Tr.) 449. However, this figure was provided before Company witness Morin updated his testimony, supporting an allowed return on common equity of 10.8% instead of 11.2% for one year, Tr. 736. This would have reduced the Company's first rate year revenue request by about $1.720 million.

[8] Tr. 429.

Small Customer Marketer Coalition, and the Retail Energy Supply Association (the Signatories). Among other things, the document proposes that the Company's electric delivery revenues be increased by $15.591 million in each of three rate years.

The Signatories advise that the Joint Proposal is the result of negotiation sessions held February 21, March 5, March 12, and March 25, 2008, and additional break-out sessions concerning specific issues during the same period. Negotiating parties included all those at the February 2008 hearings, Mirant Corporation (Mirant), Strategic Energy, LLC, New York State Electric & Gas Corporation, and Rochester Gas and Electric Corporation.

Supplemental testimony concerning revenue requirements in the second and third rate years was filed by the Company on April 24, 2008. Initial statements concerning the reasonableness of the terms of the JP were timely submitted by four of the Signatories, CPB, and the County. The Company and DPS Staff support the JP and the Small Customer Marketer Coalition and the Retail Energy Supply Association support it with one exception. CPB does not support or oppose the JP but calls attention to the terms that it contends will benefit customers. The County's statement is captioned as a "Statement in Opposition of the Joint Proposal" though there are terms in the JP with which the County does not take issue. On May 7, 2008, the Company and DPS Staff filed separate letters in lieu of reply statements, responding to the initial statements of the County, the Small Customer Marketer Coalition, and the Retail Energy Supply Association.

The final evidentiary hearing was held at the Ramapo Town Hall in Suffern on May 21, 2008. All supplemental testimony and exhibits were taken into the record at that time, subject to the right of other parties to cross-examine.[9] Responses to the judge's oral and written questions up to that time were also placed in evidence.[10]

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[9] Tr. 873-966 and Ex. 104.

[10] E.g., Ex. 105.

Four public statement hearings were held in Rockland and Orange Counties in the period May 21 through May 27, 2008.[11] Commissioner Robert E. Curry, Jr. was on the bench at the May 27, 2008 public statement hearing.

There were 17 speakers in all, with some making multiple statements at one or more hearings. In very broad terms, some speakers think a revenue increase is justified and a greater number maintain that many customers simply cannot afford an electric rate increase at this time. Union members state that O&R should be denied any increase so long as some of its contractors pay wages that are too low and otherwise treat workers unfairly. Support is expressed for energy efficiency and renewables initiatives and numerous specific issues are also raised, including some about safety. Additional public comments in the form of two letters were also received.

The judge directed additional questions to the Company on June 20, 2008, following up on some of the public comments received. Written responses were received through June 25, 2008. Department of Public Service Staff and the New York State Energy and Research and Development Authority also responded to post hearing questions from the judge.[12] The public comments and the related responses are discussed in greater detail below. Some public comments are discussed in connection with the issues to which they pertain and others are discussed separately.

## REVENUE REQUIREMENT TERMS OF THE JOINT PROPOSAL

### The Rate Plan in General

(JP, pp. 4-6 and Appendix A, pp. 1, 4, and 5)

1. Summary of Terms

The Signatories propose an electric rate plan for three years, comprising the first, second, and third rate years, or rate years one, two, and three, ending June 30, 2009, 2010, and 2011, respectively.

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[11] Tr. 967-1077.

[12] The post-hearing responses are not in evidence but neither are the public comments that engendered the responses.

The Signatories contend that delivery service revenue increases of $23,287,000, $9,526,000, and $4,057,000 are justified in the three rate years.[13] However, they propose that the warranted revenue increases be phased in over three years at a levelized amount of $15,591,000 per year.[14]

If base delivery rate elements were increased to generate the incremental $15.591 million per year for three years, such rate elements would be higher at the end of rate year three than if the revenue increases were not phased in. For this reason, the Signatories propose that the third $15.591 million revenue increase be recovered in part by permanent delivery rate increases that would generate $5.688 million of the $15.591 million for that year, and in part via a one-year surcharge on the Company's Energy Cost Adjustment for $9.903 million.[15] By using a one-year surcharge for a portion of the third year revenue increase, base rates elements

[13] JP, p. 4. Such annual increases would generate cumulative incremental revenues of $23,287,000 in rate year one, $32,813,000 in rate year two, and $36,870,000 in rate year three, for a cumulative grand total of $92,970,000 over three years. These amounts are exclusive of a proposed annual energy efficiency surcharge of $4.0 million.

[14] This approach would generate cumulative incremental revenues of $15,591,000 in rate year one, $31,182,000 in rate year two, and $46,773,000 in rate year three for a cumulative grand total of $93,546,000 over three years. These amounts are exclusive of a proposed annual energy efficiency surcharge of $4.0 million. The $576,000 difference between $93,546,000 and $92,270,000 reflects the accumulation of carrying charges at the "Other Customer Capital Rate" (currently 5.50%) on revenues needed in the first rate year that would be collected in part in later rate years.

[15] JP, p. 4. The Company recovers commodity costs incurred for full service customers through its Market Supply Charge (MSC) and recovers through its Energy Cost Adjustment, among other things, costs incurred for all customers associated with termination of former power sales agreements, lost revenues resulting from individually negotiated contracts, and shortfalls and surpluses in auctions and day-ahead market congestion settlements.

for delivery service would be at the correct level as of the end of the third rate year.

The Signatories propose that rate increases for the first year go into effect August 1, 2008, subject to the understanding that such rates should be going into effect closer to July 1, 2008. Given that the Company agreed to extend the suspension date beyond July 6, 2008 to provide additional time for negotiations, it is proposed that the resulting revenue shortfall for July 2008 be recovered over ten months (September 2008 through June 2009) using two approaches in combination.[16] The recovery approach that would be used for each service classification depends upon whether or not it would be subject to a proposed revenue decoupling mechanism (RDM).[17] For classes that would be subject to the proposed RDM, the Company would be made whole on a class specific basis for the difference between actual revenues for July 2008 at current rates and revenues computed using forecast sales for July 2008 and the proposed new rates. For classes that would not be subject to the proposed RDM, the Company would be made whole on a class specific basis for the difference between revenues based on forecast sales at current rates and revenues based on forecast sales at the proposed new rates.

Under the proposed rate plan, O&R could not file for a base rate revenue increase that could go into effect prior to July 1, 2011. As discussed below under "General Terms," the Signatories suggest that the general prohibition should not apply under certain specific circumstances. They also agree that this prohibition should not apply to rate changes that have

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[16] That forgone July 2008 revenues would be made up was decided in the June 19, 2008 ARSO Order previously cited. That the forgone revenues would be made up for all of July 2008, instead of only for the period of July 7 through July 30 (the period falling after the otherwise applicable statutory suspension date of July 6, 2008) is a consideration in evaluating the reasonableness of the terms of the Joint Proposal.

[17] The RDM proposal is discussed below. See, also, JP, Appendix E.

a de minimis effect on the Company's electric delivery revenues or that are revenue neutral to the Company.[18]

2. Arguments

(a) The Revenue Increases

DPS Staff argues that the amount of additional revenues the Signatories agree is required in each rate year is supported by the record and approximates the likely outcome of a litigated case. This general contention is fleshed out in detail throughout DPS Staff's initial statement. However, for purposes of an overview, DPS Staff explains generally the bases for the needed revenues in each of the three years. For the first rate year, it does this both narratively and in a two-page attachment to its initial statement, explaining the reasons and related revenue requirement impacts for each, of the differences among its initial $17.497 million proposal for that year, its updated $19.337 million proposal as of the time of the February 2008 evidentiary hearings, and the $23.287 million set forth in the Joint Proposal.[19] The most significant adjustments since the time of the February hearings concern the return on common equity, pensions and other post-employment benefits based on a January 2008 actuary study, federal tax benefits, and increased property taxes.

The Company describes the proposed levelized revenue increases as a reasonable compromise between the $47.8 million it initially sought for rate year one (as part of a three-year rate plan) and the $17.497 million that DPS Staff had recommended for that year (as part of a one-year rate plan).[20] The levelized revenue increases would also mitigate impacts on customers, the Company continues, while providing revenues

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[18] An increase in one rate element offset by a decrease in another rate element, for example, could be revenue neutral to the Company if total Company revenues after the changes would neither increase nor decrease beyond a de minimis amount. The term de minimis is not defined in the JP.

[19] DPS Staff's Initial Statement, pp. 8-11 and attachment, pp. 1 and 2 of 2.

[20] The Company's Initial Statement, p. 6.

adequate to add and improve plant and to cover the costs of new employees needed to improve electric operation performance and overall system integrity.[21] DPS Staff and CPB likewise emphasize that adoption of the Joint Proposal would result in the beneficial mitigation of customer bill impacts. DPS Staff, for example, points out that average annual bill increases, exclusive of the proposed annual energy efficiency surcharge, would be approximately 2.5%.[22] The proposal that a portion of the third year incremental revenue requirement be recovered via surcharge is also described by CPB as beneficial to ratepayers as this will help ensure base rate elements are not excessive at the end of the third rate year.[23]

The County opposes the proposed revenue increases on the grounds that the increases are difficult, steady, and significant and would occur during hard times. The County acknowledges that the impacts of the proposed three-year rate plan would not be as great as under the Company's initial tariff filing. It supports the proposed terms to that extent. However, the County faults the Company for deferring some expenses during past periods, and seeking their recovery here, on the grounds that rate increases in the past under better economic circumstances, when County residents were generally enjoying greater amounts of discretionary income, would have been superior to the current proposal. The context of recent sharp increases in costs for energy, gasoline, housing, transportation, apparel, food and beverages, "moves the County to oppose the Joint Proposal."[24] While the County is dissatisfied with the Joint Proposal, it does not propose any specific alternative.

In separate replies, the Company and DPS Staff dispute the County's criticism. The Company points out that the context for the proposed revenue increase includes a 15-year period in

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[21] Id., p. 7.

[22] DPS Staff's Initial Statement, p. 9.

[23] CPB's Initial Statement, p. 2.

[24] The County's Initial Statement, pp. 1-4.

which real electric delivery rates decreased and service quality improved. The Company and DPS Staff argue that the proposed revenue increases are needed to ensure safe, reliable, and reasonable service quality and fully justified by the record. The Company also faults the County for failing to identify any costs of providing electric service that the Company could reasonably avoid. The Company states, moreover, that there is never a good or acceptable time for utility revenue increases and both it and DPS Staff call attention to specific terms in the Joint Proposal that are intended to benefit ratepayers and mitigate bill impacts.

Assuming that the County favors either delayed cost recovery or a disallowance of some costs, the Company replies that a delay merely shifts current costs to future ratepayers. DPS Staff suggests that any recent decrease in discretionary income among Rockland County ratepayers is not a valid basis for disallowing costs necessary to provide reasonable utility service.

The dispute between the Company and DPS Staff, on the one hand, and the County, on the other, is mirrored in public comments received. One speaker comments on specific improvements he had seen in the Company's delivery system, observing that it is not reasonable to expect the delivery system can continue to be maintained without adequate revenues.[25] Others doubt electricity service would be lost if rates do not go up, suggest belt tightening by the Company is in order in lieu of a revenue increase, and claim that a delivery revenue increase could not come at a worse time. Reasons for this include high property taxes and sharp increases in the cost of products and services that depend on the cost of oil. It is also observed that many elderly are on fixed incomes, that discretionary income for many is down or gone, that many are losing jobs and their homes, and that wages of those who continue to work are not keeping up with cost increases. Others

[25] Tr. 983-984.

express concern that delivery rate increases will drive away local businesses, resulting in further job losses.[26]

(b) The Make-Whole Terms

In its initial statement, the Company explains that a make whole for July 2008 would be reasonable in part in order to implement reasonably a proposed RDM under which forecast and actual revenues would be compared by calendar month, and in part in recognition of the facts that the applicable statutory suspension date was July 6, 2008 and that there was not adequate time before that date for the parties to develop the JP and for its terms to be reviewed by us.[27] The Company goes on to restate how the make whole of delivery revenues would be implemented for customer classes that would and would not to be subject to the proposed RDM.

Going beyond the terms of the JP, the Company states that some revenues related to those of electric delivery service available competitively would also be forgone in July 2008 because of the proposal that new rates be reflected in bills starting August 1, 2008. It reports that consistent with the Signatories' general agreement that the Company should be made whole for the delay in new rates being reflected in bills, it and DPS Staff have agreed to an approach to make the Company whole for these revenues as well.[28] Specifically, the Company and DPS Staff agree that the Company should also be made whole for billing and payment processing charges, metering charges, and commodity related uncollectibles.[29] There is sworn testimony to the effect that the total amount to be collected for these items for July 2008 should be on the order of approximately $.5 million.[30]

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[26] Tr. 1019, 1031, 1052, and 1071-1075.

[27] The Company's Initial Statement, p. 8.

[28] Id., pp. 8-9.

[29] Id.

[30] Tr. 910.

3. Discussion

As discussed above, the Company's delivery rates have generally decreased in nominal terms since 1993. The magnitude of the decreases is even greater on a real or inflation adjusted basis. As discussed in the sections that follow, the Signatories have established persuasively that increased revenues of $23.287 million, $9.526 million and $4.057 million are needed over the next three rate years in order for the Company to be able to provide safe and reliable service and for it to have a contemporaneous opportunity to earn a reasonable rate of return. Each of these annual revenue increase figures is lower than it otherwise would be on account of proposals that O&R recover certain costs over a longer period of time, with carrying costs, so as to minimize impacts on customers in the short run.

The Signatories also offer terms that would, if adopted, further ameliorate customer bill impacts by levelizing the total revenues needed over the three rate years and keeping electric delivery revenues increases to $15.591 million per year. That amount is about 2.5% of total electric revenues per year. Meanwhile, a level of predictability and stability would be ensured for delivery rates during the three rate years, in contrast to volatile price changes being experienced for oil-based and numerous other products and services.

With this as backdrop, the issue presented by the County and some members of the public is whether the $15.591 million revenue increases that are fully justified based on the costs of providing service, and already minimized as discussed above, should nevertheless be denied or pared back because of difficult economic times, the impacts of which are clearly felt most acutely by those with low and moderate incomes.[31] We

[31] In this regard, the County's argument, that the Company should have deferred fewer costs in the past, is based solely on the clarity of 20/20 hindsight. The appropriate standard is whether the Company's actions were reasonable at the time and under the circumstances presented. The County does not address that question.

conclude not in this case, because the consequences of unsafe and unreliable electric service are untenable[32] and moreover, as the rate plan we adopt provides for an allowance for uncollectibles as well as low-income rates. Assuming safe and reliable service will be provided even without adequate revenues is not a rational basis for us to conclude otherwise.

There are several other issues that warrant discussion here. The first is that we do not accept proposed language[33] to the effect that the second and third year revenue increases would be implemented on or before July 1. Such increases may go into effect only on or after July 1 of those two rate years. The Company accepts this change.[34]

A second is that we accept the proposed terms concerning how the make whole would be implemented, including those terms set forth in the Company’s initial statement, summarized above and printed verbatim in Appendix II to this order. These terms will ensure that the Company collects no more and no less than the revenues it would have collected if new rates became effective July 1, 2008.[35]

Finally, the proposed use of a base rate increase and a surcharge in the third rate year is also reasonable as this will ensure the Company receives the needed revenue in the third rate year and that base rates are not too high at the end of that year. Notably, there are no comments in opposition to this proposal.

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[32] Indeed, one consequence of not providing the Company with the revenues needed now, to provide safe and adequate service, is that it might cost more for the Company to attract the capital needed to invest in needed plant, increasing capital costs above what they otherwise would be. This would put further pressure on ratepayers in the future.

[33] JP, p. 5.

[34] Tr. 893.

[35] Appendix II includes First and Second attachments, taken from pp. 8-9 and 11-12 of the Company’s Initial Statement, JP redline language, and a superseding JP Appendix C, also presented with the Company’s Initial Statement.

Underpinnings of the Revenue Requirements

1. Sales Forecast

(JP, p. 6 and Appendix B)

The revenue requirements for the three rate years are based in part on forecasts of electric sales in each of those years.[36] The Signatories point out that sales are projected to increase at annual growth rates of 1.3%, 1.7%, and 1.7% for the three rate years, and that the number of customers is expected to grow at an annual rate of .8%.[37]

The resulting forecast of sales by month for each service classification and for the total Company in each of the rate years is set forth in JP, Appendix B, pp. 1-3. The portion of the forecast that will be billed to customers in each rate year is used to project revenues from electric usage at existing and proposed new rates.

The forecast of O&R billed sales set forth in the Company's original filing and in the JP are as follows:

| | Exhibit 26 | JP, Appendix B |
|---|---|---|
| Rate Year 1 | 4,168,138 MWh | 4,188,194 MWh |
| Rate Year 2 | 4,230,089 MWh | 4,235,953 MWh |
| Rate Year 3 | 4,263,883 MWh | 4,275,750 MWh |

DPS Staff's sales forecast differed from those in Exhibit 26 by less than 1% and DPS Staff had recommended that

36 Projected sales, monthly billable demand by customer class, and the projected number of customers are collectively used to calculate the Company's delivery revenues at existing and proposed rates.

37 The Company had projected sales growth in the second and third rate years of 1.8% per year (Ex. 24, p. 5). No similar percentage had been provided for the first rate year. The same exhibit, at pp. 10-11, discusses customer number growth rates by class, but does not set forth a customer number growth rate on a Company-wide basis. Further details in support of these figures were provided on the record, Tr. 895-898.

the Company's updated rate year sales projection be accepted.[38]

The Company argues that DPS Staff's testimony in support of the Company's initial forecasts and the absence of any cross-examination on the issue make clear that the sales forecast is not a contested issue.[39] The Company also refers to its November 2007 update to its sales forecast and states that this is the forecast that was agreed to by the Signatories and that is Appendix B to the Joint Proposal.[40] No other party or member of the public submitted comments on the sales forecast underlying the revenue requirement calculations set forth in the Joint Proposal.

Given that the results of DPS Staff's and the Company's initial sales forecast differed by approximately .1% using different modeling techniques, that DPS Staff evaluated and expressly agrees with the results of the Company's updated sales forecast, and that the latter forecast is otherwise uncontested, it is reasonable that the Joint Proposal and our decision be based on the Company's updated (November 2007) sales forecast.

### 2. Expenses
(JP, pp. 25-33 and Appendices A, G, I, J, L (as revised), and N)

#### (a) Expense Levels

The revenue increases for delivery service proposed by the Signatories are based in part on forecasts of expenses as follows:

[38] Ex. 49, p. 8. Per Ex. 52, DPS Staff's forecast of billed sales for the first rate year was 4,161,600 MWh.

[39] The Company's Initial Statement, p. 9.

[40] Id., p. 12. This was confirmed on the record, Tr. 896.

| | ($ Millions)[41] | | |
|---|---|---|---|
| | Rate Year 1 | Rate Year 2 | Rate Year 3 |
| 1. O&M[42] | 131.866 | 134.396 | 135.228 |
| 2. Depreciation and Amortization | 24.543 | 26.679 | 28.438 |
| 3. Taxes Other than Income Taxes | 25.296 | 25.659 | 25.995 |
| Total | 181.705 | 186.734 | 189.661 |

Prior to the Joint Proposal, the Company had prefiled an updated exhibit, forecasting the following expense levels for three rate years:

| | ($ Millions) | | |
|---|---|---|---|
| | Rate Year 1[43] | Rate Year 2[44] | Rate Year 3[45] |
| 1. O&M | 135.827 | | |
| 2. Depreciation and Amortization | 26.588 | | |
| 3. Taxes Other than Income Taxes | 24.633 | 23.312 | 23.530 |
| Total | 187.018 | 203.513 | 206.030 |

Staff's testimony and exhibits, prefiled months prior to the JP's submission, focused only on the first rate year. The following expense allowances were supported by DPS Staff for that year:

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[41] See JP, Appendix A, pp. 1, 4, and 5 of 5. Purchased power and deferred purchased power expenses listed there are commodity related and are not elements of delivery service revenue requirements.

[42] Operation and Maintenance.

[43] Ex. 19, Schedule 1, right column.

[44] Ex. 14, Schedule 1, p. 1 of 2.

[45] Id.

| | | ($ Millions) Rate Year 1[46] |
|---|---|---|
| 1. | O&M | 128.708 |
| 2. | Depreciation and Amortization | 24.543 |
| 3. | Taxes Other than Income Taxes | 24.449 |
| Total | | 177.700 |

There were a host of reasons for the differences between the Company's and DPS Staff's expense projections for the first rate year.[47] In general, however, DPS Staff proposed the disallowance of direct labor and benefits costs for more than 20 new positions, including 13 that it felt had not been justified in the Company's November 2007 update; a lower inflation rate for medical insurance expense; a longer amortization period (five years vs. the Company's proposed three years) for the recovery of deferred pensions and other post-employment benefit costs and deferred and projected site investigation and remediation (SIR) and other environmental costs; as well as lower depreciation rates and a three-year amortization vs. the Company's proposed 15-year amortization of a theoretical depreciation reserve surplus for Common Plant (i.e., plant used for electric and gas operations).[48]

Based on additional information provided by the Company in the period after DPS Staff's direct testimony and exhibits were filed, and before or during the first round of evidentiary hearings in February 2008, DPS Staff reconsidered some of its proposed adjustments and agreed that some updated actual expense amounts should be used instead of forecasts previously reflected in its revenue requirement calculations.

[46] Ex. 23.

[47] See Ex. 23, Sched. 8 for a complete list of all the differences as of December 2007.

[48] See Ex. 101, p. 3.

Significant expense changes it accepted for rate year one as of the February 2008 evidentiary hearings include a $1.382 million increase in actual medical insurance expense, a $147,000 increase in uncollectibles, and a $194,000 actual property expense update. Further changes for rate year one, accepted by DPS Staff following the February 2008 evidentiary hearings, include approximately $168,000 for payroll and fringe benefits for additional employees, including a customer program analyst, overhead lineman, electrical engineers and a drafting technician.[49] The largest such update accepted by DPS Staff in that period includes a $1.509 million expense increase to reflect the impact of a January 2008 updated actuary study for pension and other post-employment benefit costs.[50] A special franchise tax increase of $607,000 was also accepted. The JP expense figures for rate year one, summarized above, are the product of these and other minor adjustments and updates to DPS Staff's direct case.

The expense forecasts for rate years two and three in the JP build on and assume the reasonableness of the forecast for rate year one. The Company submitted supplemental evidence in support of the expense forecasts for rate years two and three. That evidence was placed in the record under oath and subject to an opportunity for interested parties to cross-examine at the May 2008 evidentiary hearing.[51] That information explains the differences between the rate year one forecast set forth in the JP, the rate year two and three expense forecasts in the JP, and the rate year two and three expense forecasts set forth in the Company's initial filing.

DPS Staff also supports the JP's expense forecasts for rate years two and three, explaining the bases for the rate year two and three expense projections starting with rate year one

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[49] The need for these is explained in JP, Appendix L, as updated.

[50] These and the prior updates are itemized in an attachment to DPS Staff's April 30, 2008 Initial Statement.

[51] Tr. 881 through Tr. 883 and Ex. 104, Schedules 5-7.

levels. This explanation is set forth in the supplemental testimony of a DPS Staff witness that was placed in the record under oath subject to the rights of interested parties to cross-examine at the May 2008 evidentiary hearing.[52] Among other things, the JP expense forecasts for rate years two and three reflect an annual wage rate escalation rate of 2.5%, expenses for seven of the thirteen incremental employee positions in rate year two and for two of the thirteen incremental employee positions in rate year three,[53] the grouping of a large number of expense items in a general pool, the costs of which are expected to increase at an annual inflation rate of 2.1%, changes in pension and other post-employment benefit expenses, spending for past and future remediation of MGP sites, depreciation of new plant, and property tax increases.

(b) Deferrals and True-Ups

Going beyond the projection of non-commodity expenses for the three rate years, the Signatories propose that amounts allowed in rates for some expenses be reconciled later to the actual expenses and that the differences be recovered from customers in the future (if actuals are higher than projected) or deferred for the future benefit of customers (if actuals are lower than projected). Expenses proposed to be subject to such reconciliation include those for environmental remediation, 100% of any differences in property taxes due to changes in tax rates, 86% of any differences in property taxes due to assessment changes, pensions and other post-employment benefits, research and development, and low-income discounts. It is also proposed that the allowance for major storm costs be subject to reconciliation.

The Signatories propose that other expenses be subject to reconciliation, but only if certain conditions are met. For example, one pool of expenses is projected to increase cumulatively over three years on account of inflation. This

[52] Tr. 921-930.

[53] Support for these positions is set forth in JP, Appendix L, as updated.

pool includes, among other things, direct labor, employee and other insurance, and other operation and maintenance costs (see JP, Appendix J). If inflation increases by more than 4% per year and if the Company earns a return on equity less than 9.4%, the incremental revenue requirement associated with the higher actual inflation rate for this pool would be deferred for future recovery. Similarly, it is proposed that if the Company incurs increased debt costs (as a result of having to refinance tax-exempt debt)[54] or experiences increased capital and operating expenses in connection with relocating its property on the Lovett Generation Station site owned by Mirant, such costs would be deferred for future recovery from ratepayers.

A conditional limitation on the amount of costs that could be deferred for future recovery from ratepayers is also proposed. To the extent the Company earns more than 10.2% on equity in a rate year, up to 50% of the Company’s share of equity earnings above 10.2% would be used to offset amounts that would otherwise be deferred for future recovery, provided the effect of this offset would not reduce the Company’s equity earnings below 10.2% for that year (see JP, pp. 29-30).[55]

(c) Arguments

(i) Expense Levels

The two disputed expense issues concern the reasonableness of some deferred manufactured gas plant (MGP) clean-up costs and the proposed five-year amortization of deferred and prospective site investigation and remediation costs for MGP and other sites. The Company and DPS Staff support recovery of the deferred and prospective amounts and the five-year amortization proposal. Indeed, it was DPS Staff that proposed the five-year amortization over the Company’s three-year proposal.

[54] This term is also discussed below, under Rate of Return and Earnings Sharing.

[55] This term is also discussed below, under Rate of Return and Earnings Sharing.

CPB, however, expresses concern that DPS Staff’s review of “$20 million” of deferred costs was limited to whether the figures are correct. CPB suggests DPS Staff should have undertaken a review of the Company’s bidding and management processes and other Company efforts to operate a cost effective SIR program.[56] In light of this concern, CPB expressly supports JP terms that would, if adopted, require the Company to report periodically on its SIR program, saying this information will make it easier for DPS Staff to conduct the more substantive review CPB envisions.[57] Neither the Company nor DPS Staff responds.

As to the proposed five-year amortization period for SIR costs, the County sees this as an improvement over the Company’s original three-year proposal and it acknowledges that a significantly different period would not likely be adopted in the context of a litigated case. It also expressly recognizes that carrying costs on deferred amounts must ultimately be paid by ratepayers. However, the County “believes that the value of a remediated site will be realized over the period of time that the Company owns the remediated site. As a result, the County believes a longer amortization period ... would be appropriate.”[58] The Company replies, criticizing the County’s failure to propose a specific amortization period for SIR costs.[59] DPS Staff adds that there is no record basis for an amortization period greater than five years [60]

Going beyond the two contested expense issues, DPS Staff and the Company argue extensively in support of the revenues needed for the Company to fill gradually over the three rate years more than 20 new positions. The Company, for example, points out that support for all the new positions is

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[56] CPB’s Initial Statement, pp. 4-5, citing Tr. 283.

[57] The County also supports the proposed reporting terms. The record citation appears to be incorrect.

[58] The County’s Initial Statement, p. 5.

[59] The Company’s Reply Statement, p. 2.

[60] DPS Staff’s Reply Statement, p. 2.

included in the evidentiary record and summarized in JP Appendix L, as updated. The Company argues that all the new positions are needed so that it can provide the safe and reliable service that customers have come to expect and so that it can meet increasingly rigorous service and reliability performance metrics (discussed below).[61]

DPS Staff explains why its position evolved with respect to many of the new positions, including primarily the Company's filing of additional support for some positions and the only support for other positions in the Company's rebuttal filing, and the results of DPS Staff's discovery efforts concerning these positions. To the extent DPS Staff's ultimate support for new positions is based on information provided in the Company's rebuttal filing instead of in the Company's direct case, DPS Staff says it has no objection to our granting a waiver of the Policy on Test Periods in Major Rate Proceedings.[62]

Depreciation expense and the proposed five-year amortization of a theoretical depreciation reserve surplus is also the subject of argument. DPS Staff and the Company concur that the proposed revenue requirements reflect DPS Staff's proposals with respect to average service lives, net salvage values, and life tables, all of which are set forth in the evidentiary record and reflected in JP, Schedule N. DPS Staff also emphasizes that the revenue requirements reflect that the theoretical reserve surplus for common plant is more than 20% higher than it should be and that this is part of the reason why it favors, and the JP proposes, that the $11.4 million surplus be amortized over five years, reducing annual electric delivery service revenue requirements from what they otherwise would be.

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[61] The Company's Initial Statement, p. 23. The Company is incorrect to suggest that the proposed Customer Service Performance Mechanism would be "more rigorous."

[62] DPS Staff's Initial Statement, pp. 25-28, citing 17 NYPSC 25-R (issued November 23, 1977).

(ii) Deferrals and True-Ups

General arguments in support of the proposed expense deferral and true-up terms include that such terms protect the Company and customers from variations in costs that the Company does not control, that many of the terms proposed are identical to those in effect for the Company pursuant to decisions in Case 06-E-1433,[63] and that others are supported by the sworn testimony of Company and DPS Staff witnesses. Specific examples cited are (1) DPS Staff's argument that it is consistent with long-standing policy to provide for the reconciliation and deferral of differences between forecast and actual SIR expenditures; and, (2) the Company's argument that reconciliation and deferral of only 86% of the differences in forecast and actual property taxes based on assessment changes is consistent with precedent and reasonable to the extent it provides the Company with an incentive to oppose unreasonable assessments. DPS Staff asserts as well that the reconciliation and deferral of major storm costs outside a level of $.5 million around the proposed rate allowance are consistent with precedent, while the Company states that the +/- $.5 million bandwidth reflects a balance between the facts that it cannot control the number and extent of major storms and that it has an obligation to address major storm impacts efficiently. The reconciliation and true up of the costs of the proposed low-income program (discussed below), DPS Staff states, are also consistent with precedent.

(d) Discussion

A careful review of the JP, the parties' arguments, and the record make clear that the proposed allowances, for O&M, depreciation, amortizations, and taxes other than income taxes, are all supported by sworn evidence. The reasons for DPS Staff's gradual change in position on some issues, particularly as to new positions, is well explained and documented. Updates reflecting recent actual cost increases that are verifiable are properly considered in determining the Company's revenue

[63] Cases 06-E-1433 and 06-E-1547, Orange and Rockland Utilities, Inc. - Electric Rates and Property Tax Refund.

requirement for each rate year. It is also uncontested that all the expense, reconciliation, deferral, and amortization proposals are consistent with policy and/or case precedent.

The proposed amortization periods for some expenses and for the theoretical depreciation reserve surplus for common plant are expressly supported in part to the extent they would help ameliorate customer bill impacts compared to the Company’s August 2007 filing.[64] An issue raised by the County with respect to only one of the proposed amortization periods--for deferred and prospective SIR costs--is whether further bill amelioration is warranted. The County’s argument in support of a longer amortization has some merit on a stand-alone basis. However, the County fails to consider its proposal in the context of whether the terms of the JP are reasonable collectively. The County also provides no broader context for its proposal, including how its adoption might affect the Company’s cash flow. Taking into account all of the above, that some of the SIR costs have already been deferred for some time, and that the overall impacts of the JP’s adoption would be revenue increases (without any energy efficiency surcharge) on the order of 2.5% per year, the County’s proposed adjustment is not adopted.

Turning to CBP’s argument concerning the extent of DPS Staff’s substantive review of past SIR costs to be amortized prospectively, DPS Staff’s failure to reply in its reply statement is of concern as one might infer that CPB’s contention is well founded. However, information recently provided to the judge suggests past expenses for SIR costs were among the universe of matters that were subject to DPS Staff’s review in this case.[65] That response and information in the record also makes clear that deferred SIR costs as of June 30, 2001 proposed to be recovered in this case are on the order of $1.438 million. There is also no evidence in this case by CPB, or any other party, that any portion of the previously deferred SIR costs were incurred unreasonably.

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[64] Tr. 393.

[65] DPS Staff’s July 1, 2008 Response to the judge’s question.

The last issue, raised by DPS Staff, concerns whether the Policy on Test Periods in Major Rate Proceedings must be waived in this instance. The short answer is no, as the referenced policy is not a formal, hard rule. However, the policy was adopted, and we continue to adhere to it as a general matter, in order to ensure a fair and thorough rate case process. Therefore, any departure from the policy should be explained and justified as consistent with those goals. The parties have provided that justification here, demonstrating that, through the negotiation process, they were able to satisfy themselves as to the validity of the Company's need for additional positions. No party has claimed prejudice from this procedure. Under these circumstances, we do not regard the parties' departure from the normal procedure in arriving at this provision as a fatal flaw that should cause us to reject some or all of the terms of the Joint Proposal.

3. Rate Base

(JP, pp. 24-25, 32-33, and Appendices A, F, G, and H)

(a) Rate Year One

In broad terms, a utility's rate base comprises the sum of the average depreciated cost of utility plant, plus working capital requirements, plus projected average balances of regulatory assets and liabilities or amounts to be recovered from or credited to ratepayers over a period of years, plus accumulated deferred federal income taxes A utility's rate base is also routinely subject to an earnings base/capitalization adjustment that ensures that a return is authorized only on rate base supported by investor-supplied capital.[66] It is the total average rate base projected for any year, net of any earnings base/capitalization adjustment for any year, on which the utility is afforded an opportunity to earn a reasonable rate of return (see below).

In the Company's August 2007 filing, it projected an increase in average electric rate base of $138.734 million for the first rate year over a base of $425.715 million for the

[66] Tr. 259 and 405.

historic year ending March 31, 2007. Of that $138.734 million, approximately $112.000 million was for projected increases in plant costs less depreciation.[67] Taking into account an earnings base/capitalization adjustment, the Company forecast a total average electric rate base of $528.615 million in the first rate year.[68]

The Company's November 15, 2007 update supported an increase in average electric rate base of $128.947 million for the first rate year. The lower figure reflected a decrease in net regulatory assets on the Company's books as a result of orders issued last year in Case 06-E-1433.[69] As of November 2007, and taking into account a proposed earnings base/capitalization adjustment, the Company projected a total average electric rate base for the first rate year of $518.802 million.[70]

In both the Company's initial and update filings, detailed information was provided concerning ongoing capital expenditures to install new plant, to replace old plant, and to otherwise increase reliability and efficiency.[71]

DPS Staff's direct case, filed in December 2007, projected an average electric rate base approximately $9.0 million lower than the Company's update and proposed as well an approximately $2.4 million increase in the earnings base/capitalization adjustment for a grand total downward adjustment to the Company's proposed total average electric rate base in the first rate year of approximately $11.36 million.[72] In addition to the proposed "correction" to the earnings base/capitalization adjustment and the related lower forecast of working capital requirements for prepayments ($4.971 million),[73]

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[67] Ex. 11, Summary.

[68] Ex. 12, Sched. 2, p. 1.

[69] Compare Ex. 18 Summary and Ex. 11 Summary.

[70] Ex. 19, Sched. 2, p. 1 of 2.

[71] E.g., Tr. 89-103, Ex. 3, and Ex. 32.

[72] Ex. 23, Sched. 1.

[73] Tr. 405-406.

most of the difference between DPS Staff's case and the Company's November 2007 update related to DPS Staff's lower forecast of working capital requirements related to O&M expenditures ($.883 million) and to a $3.606 million lower forecast of the regulatory asset for deferred MGP cleanup costs.[74]

DPS Staff did not differ from the Company in the projection of new plant needed during the first rate year. The DPS Staff Infrastructure Panel had examined the Company's proposals in this regard. It offered no adjustments, stating that its review found the Company's proposed transmission and distribution (T&D) projects, as well as the overall direction of the Company's T&D investments, to be reasonable and necessary.[75] DPS Staff projected a total average electric rate base for the first rate year of $507.443 million.[76]

The Joint Proposal states that the first rate year revenue requirement is based in part on a projected total average electric rate base of $504.002 million.[77] The record shows that this figure is lower than the one proposed by DPS Staff to reflect an increase in cash working capital, an increase in prepaid property taxes, and a more than offsetting decrease to reflect increased depreciation resulting from the Economic Stimulus Act of 2008.[78]

(b) Rate Years Two and Three

The Company's total average electric rate base, net of an earnings base/capitalization adjustment, is projected to increase from $504.002 million in rate year one to $567.084 million in rate year two and $596.685 million in rate year three.[79] These increases of $63.082 million and $29.601 million, respectively, are driven primarily by increases in net plant in

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[74] Ex. 23, Scheds. 6-8.

[75] Tr. 181-182 and Tr. 187-188.

[76] Ex. 23, Sched. 1.

[77] JP, Appendix A, pp. 1 and 2 of 5.

[78] Ex. 105, Response 12, p. 3.

[79] Ex. 104, Sched. 1, p. 1 of 2.

each year of $61.423 million and $33.595 million, respectively, as well as adjustments to working capital, regulatory asset and liability balances, and the effects of accumulated deferred federal income taxes. The net effects of the latter items are very minor compared to changes in net plant.

As to the increases in net plant for rate years two and three, the Company provided detailed support for such increases in its initial[80] and updated filings.[81]

DPS Staff's evaluation of plant additions for the second and third rate years was prepared by the Staff Infrastructure Panel and was taken into the record under oath at the May 2008 evidentiary hearings.[82] Among other things, this panel testified as follows:

1. DPS Staff has no adjustments to the Company's T&D capital construction projects or in-service estimates for rate years two or three. (Tr. 935)
2. DPS Staff reviewed the Company's justification for the capital projects and budget amounts. (Tr. 937)
3. DPS Staff found the T&D projects and the overall direction of the Company's investments to be reasonable and necessary. (Tr. 938)
4. There is no reason why the transmission and substation work will not be able to be completed as scheduled. (Tr. 945)
5. The Company's transmission and substation cost estimates are reasonable. (Tr. 945)
6. The Company's proposed distribution projects are warranted for the Company to meet reliability criteria, satisfy load growth, and improve reliability. (Tr. 951)
7. The Company should be able to complete the distribution work as currently planned. (Tr. 951)
8. The Company's distribution cost estimates are reasonable and the Company has provided adequate

[80] E.g., Tr. 103-111 and Ex. 3.

[81] Exs. 32 and 33.

[82] Tr. 933-953.

> support for the proposed distribution projects. (Tr. 953)

DPS Staff also provided further information in support of the proposed net plant increases.[83] Among other things, DPS Staff testified that it had reviewed the Company's transmission and distribution planning criteria and concluded they are reasonable.[84] The Company also explained that there are no viable alternatives that would allow the Company to defer or avoid altogether its major electric infrastructure capital projects.[85]

Working with the results of the engineering analyses just summarized, the Company's accountant provided updated information for the record at the May 2008 hearings about the revenue requirement impacts of the projected net plant additions. Those impacts are summarized in the record[86] and DPS Staff's accountant concurs in and further explains the resulting figures.[87]

(c) Net Plant Reconciliation and Reporting Proposals

Consistent with the testimony of the DPS Staff Infrastructure Panel,[88] the Joint Proposal makes clear that the rate year revenue requirements for all three rate years are based in part on the projected increases in average transmission and distribution cumulative net plant balances set forth in JP Appendix F. It is proposed that if, at the end of three rate years, the average T&D net plant balances are lower than projected, the Company would defer the revenue requirement effects of the shortfall for the benefit of ratepayers. As mentioned above in connection with expenses that would be subject to reconciliation, it is also proposed that the Company be able to defer capital expenditures, with interest up to a

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[83] Ex. 105, Responses 28-34 and Tr. 962-964.

[84] Ex. 105, Responses 31 and 32.

[85] Id., Response 27.

[86] Ex. 104, Schedules 1 and 10 and Tr. 883.

[87] Tr. 931.

[88] Tr. 188.

capped amount, it might incur in connection with the relocation of its facilities on the site of the Lovett Generation facility being retired. The Company would also provide a report detailing the deferred capital and other expenditures.

It is also proposed that during the three-year rate plan, the Company would provide DPS Staff and other interested parties with detailed quarterly and annual reports on T&D capital expenditures.

(d) Arguments

The Company calls attention to the proposed terms under which actual capital expenditures would be compared on a cumulative basis over three rate years with the projected amounts set forth in the JP. To the extent the actual amounts are lower than the projections, the revenue requirement impacts of the difference would be deferred with interest for the benefit of ratepayers.[89] DPS Staff argues that this term addresses the possibility that all of the planned capital expenditures may not materialize.[90]

DPS Staff emphasizes the need for all of the Company's planned capital expansion, explaining that the Company continues to experience above-average load growth throughout its service territory, with localized areas of very high load growth. According to DPS Staff, load growth is the main driving factor for the capital spending level supported in the JP.[91]

DPS Staff also supports proposed terms that would, if adopted, require the Company to report quarterly and annually, justifying any variances between forecast and actual capital expenditures on a project-by-project basis.[92]

CPB also supports the proposed reporting requirements, in part because it has concerns about whether there is adequate

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[89] The Company's Initial Statement, p. 17.

[90] DPS Staff's Initial Statement, pp. 15-16.

[91] Id., pp. 37-38.

[92] Id., citing JP Appendix H. A detailed and contemporaneous explanation of the terms of Appendix H is set forth in Ex. 105, Response 13.

oversight of utilities' infrastructure planning and expenditures and as no management or operations audit of the Company has been conducted for the last 15 years under Public Service Law (PSL) §66(19). That statute, among other things, states that an audit "shall include, but not be limited to, an investigation of the Company's construction program planning in relation to the needs of its customers...." The proposed terms do not obviate the need for the required audit, CPB concludes, but are reasonable and should be adopted as the reports would allow better monitoring of the Company's actual and projected capital expenditures and provide other useful information.[93]

Three public comments were received concerning the Company's capital expansion plans. One speaker mentions specific projects he observed, stating that these and similar system improvements warrant some increase in Company revenues.[94]

Another member of the public expresses concern that the process the Company uses to decide if it needs new plant is a mystery to the public and seeks assurances that new plant would not be added should stepped up energy efficiency initiatives and a weaker economy contribute to drops in load growth rates.[95]

In a response to the latter point, the Company states that it refines its electric sales and demands forecasts on an annual basis, based on economic indicators and detailed information about growth and development in its service territory. These refined forecasts, the Company continues, are used to determine infrastructure requirements. The timing and prioritization for major capital construction projects, it concludes, can shift from year to year, depending on these updated forecast results and actual load experiences.[96]

Finally, the second speaker also questions whether the Company's capital construction budget is based in part on the

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[93] CPB's Initial Statement, pp. 3-4.

[94] Tr. 983-984.

[95] Tr. 996-1,000.

[96] The Company's June 23, 2008 Response to ALJ question 39.

electric needs of a desalination plant that United Water New York, Inc. proposed as part of its long-range water supply plan.[97] The Company responds that the answer is no.[98]

(e) Discussion

The Company has provided very detailed explanations of needed capital components for each of the three rate years and they are set forth in detail and under oath in the record.

DPS Staff engineers carefully reviewed the support provided by the Company, engaged in discovery, and submitted sworn testimony summarizing their thorough review of this information and their independent conclusions that support the Company’s plans. Indeed, the record clearly establishes that DPS Staff investigated, reached conclusions on, and explained its conclusions with respect to the Company’s construction program planning in relation to the needs of its customers. No party has even alleged much less come close to establishing otherwise.

The Company’s and DPS Staff’s accountants have also calculated the rate base effects of planned capital expenditures and other changes for each of the rate years and reflected them in their respective revenue requirements. There is no dispute among the parties on these calculations as well. Based on all of the above, we conclude that the net electric rate base figures set forth in the Joint Proposal are reasonable.

The related reconciliation and reporting terms have also been examined and are adopted as well.

As to the three relevant public comments, one supports the general rule that the reasonable costs of necessary capital improvements are properly reflected in rates. As to the second public comment about planning flexibility and the Company’s response summarized above, the Company’s explanation is consistent with our understanding of what is required. Turning, finally, to the nexus between United Water New York’s planning for long-range water supply resources and the Company’s capital

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97 Tr. 995-996.

98 The Company’s June 23, 2008 Response to ALJ question 40.

construction plans for the next three rate years, this Commission's prior decision in a United Water case[99] and the Company's response to an ALJ question in this case make clear that the electrical needs for a possible desalination plant on the Hudson River are not reflected in Orange and Rockland's capital construction budget for the coming three rate years. That is the answer to the question from a member of the public on this topic.

4. Rate of Return and Earnings Sharing
(JP, pp. 22-24, 32, and Appendix A, p. 3 of 5)

(a) Summary of Terms

The Company's original revenue request was predicated on an allowed overall rate of return of 8.79%.[100] This figure is based on the following capitalization ratios and cost rates in rate year one, assuming a three-year rate plan:

| Capital | $ (Millions) | Ratio | Cost Rate | Weighted Cost |
|---|---|---|---|---|
| Long Term Debt | $496.026 | 50.00% | 6.30% | 3.1500% |
| Customer Deposits | 14.005 | 1.41% | 3.81% | 0.0538% |
| Common Equity | 482.034 | 48.59% | 11.50% | 5.5877% |
| Totals | $992.065 | 100.00% | | 8.7915%[101] |

The Company's original proposal to increase electric revenues by $10.021 million and $5.106 million in rate years two

[99] Cases 06-W-0131 and 06-W-0244, United Water New York – Merger and Rates, Order Approving Merger and Adopting Three-Year Rate Plan (issued December 14, 2006). The June 23, 2008 Response to ALJ question 40.

[100] Ex. 12, Sched. 2, p. 1 of 2.

[101] Ex. 58, Sched. 1. The capitalization figures are for the Company and its New Jersey (Rockland Electric Company) and Pennsylvania (Pike County Light & Power Company) subsidiaries. The equity cost equals 11.2% + .3% for a stay-out premium.

and three was also based on an allowed overall rate of return of 8.79%.[102]

In December 2007, DPS Staff filed testimony and exhibits in support of an overall rate of return for rate year one of 7.45%.[103] This figure is based on the following capitalization ratios and cost rates for Consolidated Edison Company, Inc. (O&R's parent holding company) and all of its direct and indirect subsidiaries, but only insofar as its capitalization supports utility operations. Those capitalization ratios and cost rates are as follows:

| Capital | $ (Millions) | Ratio | Cost Rate | Weighted Cost |
|---|---|---|---|---|
| Long Term Debt | $9,501.210 | 49.73% | 6.19% | 3.08% |
| Customer Deposits | 233.000 | 1.22% | 3.76% | 0.05% |
| Preferred Stock | 213.000 | 1.12% | 5.34% | 0.06% |
| Common Equity | 9,156.571 | 47.93% | 8.90% | 4.27% |
| Totals | $19,103.781 | 100.00% | | 7.45%[104] |

As of the February 2008 evidentiary hearings, DPS Staff and the Company estimated that the electric revenue requirement effect of a .1 percentage point difference in the allowed return on equity is approximately $430,000.[105]

In the JP, the Signatories propose that the electric revenue requirements in rate years one, two, and three all be based on an allowed overall rate of return of 7.69%.[106] This figure is based on the following:

[102] Ex. 14, Sched. 1, p. 1 of 2.

[103] Ex. 23, Sched. 1.

[104] Exs. 78 and 79. DPS Staff's cost of equity included no stay-out premium for a one-year case.

[105] Tr. 449 as corrected.

[106] JP, Appendix A, pp. 1, 3, 4, and 5.

| Capital | Ratio | Cost Rate | Weighted Cost |
|---|---|---|---|
| Long Term Debt | 49.66% | 6.19% | 3.07% |
| Customer Deposits | 1.22% | 3.76% | 0.05% |
| Preferred Stock | 1.12% | 5.34% | 0.06% |
| Common Equity | 48.00% | 9.40% | 4.51% |
| Totals | 100.00% | | 7.69%[107] |

The ratios and cost rates in the JP are the same as those advocated by DPS Staff with the exception of slight changes in the long-term debt and equity capitalization ratios and a 9.4% allowed return on equity, including a stay-out premium of .3%.

As an incentive for the Company to operate efficiently and to minimize the probability that the Company would earn an overall rate of return significantly in excess of its cost of capital, the Signatories propose an equity earnings sharing mechanism.[108] To the extent the Company's three-rate-year post-tax return on common equity for NY electric service exceeds 10.2%, the revenue requirement impacts would be allocated as follows:

| Cumulative Equity Return | Allocation |
|---|---|
| >10.2% and ≤11.2% | 50% Customers/50% Company[109] |
| >11.2% | 75% Customers/25% Company |

Equity earnings up to and including 10.2% would be retained 100% by the Company.

[107] Id., p. 3.

[108] JP, pp. 22-24.

[109] The Signatories clarified that 50%/50% sharing would apply if the cumulative equity return were exactly 11.20%, Ex. 105, Response 17.

The equity return earned for sharing purposes under the proposal would be per the Company's books,[110] subject to the exclusion of certain expenses, including the costs of officers' restricted stock payments and positive or negative revenue adjustments resulting from application of incentive mechanisms, and subject to two restrictions on the common equity ratio. Those two restrictions are that the common equity ratio may not exceed 50% and that other comprehensive income would be excluded for purposes of computing the equity ratio. The second restriction would apply as some items are reported on the Company's balance sheet as gains or losses that involve no cash outlay or receipt. For ratemaking purposes, accordingly, there is no reduction in shareholder equity.[111]

It is proposed that the customers' share of equity earnings above 10.2% be used to offset deferred pension and/or other post-employment benefits on the Company's books that would otherwise be recovered from ratepayers in the future, or to cover other amounts properly deferred for recovery from ratepayers.[112]

Finally, it is proposed that the Company be allowed to defer the incremental interest and transaction costs associated with retiring and refinancing certain Pollution Control Debt should such action become necessary prior to June 30, 2011 on account of Mirant's recent retirement of the Lovett Generation Station. In addition, the Company would reconcile its actual interest and swap costs related to the Pollution Control Debt (including the use of a bank credit facility) to the levels reflected in rates.

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[110] The Signatories clarified that should there be a determination in the future that the Company imprudently incurred expenses or invested excessive amounts in plant, the Company's "per books" return would be adjusted accordingly. Ex. 105, Response 18.

[111] This limitation is further explained in Ex. 105, Response 15.

[112] The possible use of a portion of the Company's share of equity earning for three rate years above 10.2%, to offset amounts deferred for future recovery from ratepayers, is discussed above, in the section captioned "Expenses."

(b) Arguments

The Company states that the 48% equity capitalization ratio set forth in the JP is a compromise between its and DPS Staff's projections of 48.59% and 47.93%, respectively.[113] DPS Staff argues that a 48% equity ratio is reasonable given the long-term nature of the proposed rate plan, the potential impact of the sale of Consolidated Edison Inc.'s non-regulated generation assets and the subsequent retirement of debt.[114]

Turning to the proposed 9.4% return on common equity, the Company advises that this reflects a 9.1% allowed equity return and a .3% stay out premium. The latter is intended to reflect the risk inherent in a three-year rate plan.[115] The Company expresses concern that 9.4% "seriously understate[s] Orange and Rockland's cost of equity capital" and it criticizes what it sees as unreasonable adherence on our part to a cost of capital framework that generates returns that are "low by industry standards," "arbitrary," and "unreasonable."[116] The JP is nevertheless supported by the Company because of what it describes as our apparent unwillingness to allow higher returns and because of other desirable terms in the JP.

According to DPS Staff, the proposed 9.4% return on common equity is reasonable partly because of an increase in risk in broader credit markets since it filed prepared testimony in support of 8.9%. Evidence of this increase in risk, DPS Staff continues, includes the 9.1% equity return recently allowed for Consolidated Edison Company of New York, Inc. (Consolidated Edison) and an increase in yield spreads required

[113] The Company's Initial Statement, p. 6, citing Tr. 518 and 780, respectively.

[114] DPS Staff's Initial Statement, p. 12, citing Tr. 550.

[115] The Company's Initial Statement, p. 6. The Company's witness Morin testified in support of a stay-out premium of approximately .25%. Tr. 675-676.

[116] The Company's Initial Statement, pp. 6-7.

by corporate debt issues since late 2007.[117] DPS Staff also points out that a .3 percentage point stay-out premium has previously been adopted in other cases.[118]

CPB also argues in support of 9.4% in light of the 9.1% recently allowed for Consolidated Edison Company of New York, Inc. for a one-year rate plan[119] plus a .3 percentage point, stay-out premium. Such a premium, CPB continues, has been adopted in other cases "in recognition of the higher cost of money and business risk that utilities may face in the multi-year period."[120]

Turning to the proposed earnings sharing terms, DPS Staff describes them as an important part of any multi-year rate plan, giving the utility a strong incentive to minimize costs and achieve efficiencies. Customers are simultaneously offered an opportunity to share the benefits of such savings, DPS Staff contends, and the probability of over earnings by the Company is minimized.[121] The efficiency benefits achieved, DPS Staff states, should continue beyond the three-year rate plan.[122]

In the Company's view, the earnings-sharing proposal reflects the give and take between parties who agree or disagree

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[117] DPS Staff's Initial Statement, p. 12, citing Case 07-E-0523, Consolidated Edison Company of New York, Inc. – Electric Rates, Order Establishing Rates for Electric Service (issued March 25, 2008).

[118] DPS Staff's Initial Statement, p. 13, note (n.) 16, citing Cases 07-W-0508 and 05-W-0339, Long Island Water Corporation, Order Determining Revenue Requirement and Rate Design (issued March 5, 2008).

[119] CPB's Initial Statement, p. 2, citing Case 07-E-0523, supra, Order Establishing Rates for Electric Service (issued March 25, 2008), p. 126.

[120] CPB's Initial Statement, p. 2, as corrected, citing Case 06-G-1332, Consolidated Edison Company of New York, Inc. – Gas Rates, Order Adopting in Part the Terms and Conditions of the Parties' Joint Proposal (issued September 25, 2007), p. 5. In that case, a 9.7% return on common equity was allowed, including a .3 percentage point stay-out premium.

[121] DPS Staff's Initial Statement, p. 14.

[122] Id.

with the proposition that consumers would derive the greatest benefit from a rate plan with no earnings sharing. The Company is in the first group, on the grounds that it would have even stronger incentive to be efficient in the absence of an earnings sharing mechanism.

The Company also observes that the first earnings sharing threshold is "typically" 100 basis points higher than the allowed equity return while the 10.2% proposed here is only 80 basis points above the proposed 9.4% equity return.[123] Commenting on the same point, DPS Staff observes that the earnings sharing mechanism proposed is generally comparable to one adopted in 2006 for the Company's gas operations.[124]

CPB does not comment on the reasonableness of the proposed earnings sharing terms generally. However, it expressly supports the proposal that the costs of incentive compensation programs for the Company's executives be ignored for purposes of calculating equity earnings for sharing purposes.[125]

Turning to the proposed terms concerning deferral of interest rate changes and transaction costs associated with the possible retirement of pollution control debt for the Lovett Station, the Company emphasizes that such a retirement may be required if Mirant's Lovett Station is dismantled. It argues that providing a true-up for these costs would be reasonable because customers have benefited from resulting lower interest rates for more than a decade, as regulatory policy ought to advance prudent resolution of financial issues like the one

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[123] The Company's Initial Statement, p. 16.

[124] DPS Staff's Initial Statement, p. 15, citing Case 05-G-1494, Orange and Rockland Utilities, Inc. – Gas Rates, Order Establishing Rates and Terms of Three-Year Rate Plan (issued October 20, 2006). The Company was allowed 9.8% on equity and equity earnings sharing terms were adopted under which, ignoring a program incentive term, 50%/50% sharing was triggered above 11.0%, 65% (customer)/35% (Company) sharing was triggered above 12.06%, and ratepayers would enjoy 100% of earnings above 14.0%.

[125] CPB's Initial Statement, p. 3.

presented in this instance, and notes that a similar arrangement was authorized at p. 125 of the March 25, 2008 decision concerning Consolidated Edison Company of New York, Inc.'s electric rates.[126]

One member of the public comments on the Company's allowed rate of return. The speaker asserts that New York is one of only a handful of states that "guarantee" a specific rate of return on equity.[127]

(c) Discussion

The most fundamental issues presented are whether the proposed equity and debt costs are reasonable. The cost of debt and equity were reasonable at the time the settlement agreement was executed. While current market conditions may support small increases in these components of the JP, we do not typically update the returns agreed upon in joint proposals, either higher or lower, unless the terms of the joint proposal specifically call for an update. Updating these components in isolation could upset the balance that was struck on these and other issues, including, but not limited to, earnings sharing and the equity ratio. Thus, taking this altogether, we conclude that the proposed capital costs and capitalization ratios contained in the JP are all reasonable.

As a number of parties argue, a stay-out premium of .3 percentage points is reasonable and has been adopted in many other cases. That proposal is adopted here.

As is usually the case with three-year rate plans, the earnings sharing terms are very important to ensuring a proper balancing of the interests of ratepayers and shareholders. The proposed terms are adopted. We also agree with the Company that it is reasonable that it should be able to defer the revenue requirement impacts of transaction costs and interest rate changes should it have to replace tax exempt debt issued in connection with the Lovett Station. In addition, it is reasonable to allow the company to reconcile actual interest and

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[126] The Company's Initial Statement, pp. 21-22.

[127] Tr. 1,047.

swap costs related to the Pollution Control Debt (including the use of a bank credit facility) to the levels reflected in rates due to the volatility in the market for that debt at this time.

As to the related public comment, our long-standing policy is to afford New York utilities an opportunity to earn a reasonable rate of return.

5. Energy Cost Adjustment Revenue and Tariff Changes (JP, p. 19)

The Signatories propose that $1.620 million of annual revenue requirement, currently recovered through the Company's Energy Cost Adjustment (ECA), henceforth be recovered in delivery rates. These are the carrying costs of the "Middletown Tap" project that was completed to eliminate a load pocket in the Company's western zone. This revenue shift would increase delivery service revenue requirement but would not change the Company's total annual electric revenues.

According to one Company witness, the recovery of the $1.620 million through the ECA was a transitional recovery mechanism, pending the establishment of new delivery rates.[128] A second witness suggested that with this revenue shift, it is an opportune time to modify the ECA tariff, so that the costs of eliminating load pockets would no longer be recovered through the ECA. Such recovery, he said, is no longer necessary as a practical matter. The second witness also testified that it is no longer necessary for the Company to recover through the ECA the above-market costs of non-utility generators.[129] The Signatories propose that these two changes to the ECA tariff be adopted.

The proposed revenue requirement shift and the two proposed ECA tariff changes are supported by sworn testimony and no party provides any reasons to the contrary. The proposed terms are adopted.

[128] Tr. 293.

[129] Tr. 28.

Revenue Decoupling Mechanism

(JP, p. 22 and Appendix E, pp. 1-5)

1. Summary of Terms

In April 2007, all major electric and gas utilities were directed to file proposals for true-up-based revenue decoupling mechanisms, so as to eliminate barriers to utility promotion of energy efficiency, renewables technology, and distributed generation.[130] As a result of that order, this Commission was presented, in the last phase of Case 06-E-1433, with a choice between two revenue decoupling mechanism (RDM) proposals for O&R. The Company had favored the reconciliation of forecast and actual revenues on a per-customer basis and DPS Staff had favored a total revenue per-class reconciliation.

Shortly before a decision was expected to be made in that case, DPS Staff filed in the present case a modified RDM proposal that was intended to address the Company's criticisms of DPS Staff's RDM proposal in the prior case. Given that DPS Staff's modified RDM proposal was not litigated in Case 06-E-1433, and because of the importance of a thorough review of the issue, a decision on an RDM for the Company was postponed to this case.[131]

Shortly after the January 16, 2008 order, the Company filed rebuttal testimony in this case, stating that the Company's concerns were not allayed by DPS Staff's modified RDM proposal and that the Company was standing by its earlier proposal.[132] The key reasons for the Company's rebuttal position were that: (1) DPS Staff's original approach, reconciling revenues by class, would remove the Company's incentive to conduct economic development activities; (2) the Company's

[130] Cases 03-E-0640 and 06-G-0746, Potential Electric and Gas Delivery Rate Disincentives, Order Requiring Proposals for Revenue Decoupling Mechanisms (issued April 20, 2007).

[131] Case 06-E-1433, Orange and Rockland Utilities, Inc. – Electric Rates, Order Concerning Proposed Revenue Decoupling Mechanism and Energy Efficiency Programs (issued January 16, 2008), p. 11.

[132] Tr. 39-41.

approach, reconciling revenues on a per customer basis, would not have this effect; and (3) DPS Staff’s modified RDM proposal did not address this problem adequately.[133] DPS Staff’s apparent counterpoint was that the Company’s approach unjustifiably assumed that all incremental revenues beyond those forecast would result solely from the Company’s economic development efforts.[134]

In general, the Signatories ask that we adopt an RDM under which total revenues would be subject to reconciliation on a per class basis for eight customer classes, including residential, residential time-of-day, and various general, commercial and industrial classes. The reconciliation would be performed by comparing, on a monthly basis, actual delivery revenues per class with the delivery revenue target per class. Revenues from four lighting service classifications, individually negotiated contracts, standby service, and service under various economic development riders would not be subject to an RDM.

For those classes that would be subject to the RDM, any differences between forecast and actual revenues per class per month would be deferred with interest. The net amount would be calculated at the end of each rate year and passed back or collected thereafter over a 12-month period, on a per kWh basis, per class, starting on August 1 after the end of the prior rate year. The rate element to be used for such collection or pass back would be referred to as the RDM Adjustment. In the event the total amount (for all applicable classes) due to the Company or due back to customers exceeds $3 million before the end of any rate year, however, an interim RDM adjustment would be implemented, subject to a final reconciliation following the rate year. The Signatories clarified that $3 million figure was selected because it is about 1.5% of the Company’s delivery revenues.[135]

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[133] Tr. 61-70.

[134] Tr. 75-76.

[135] Ex. 105, Response 20.

Given that it is proposed that new delivery rates go into effect on August 1, 2008, subject to a make whole through July 1, 2008, it is also proposed that the RDM adjustment be used to pass back to or collect from customers any difference between the Company’s actual July 2008 revenues for the specified classes and the RDM targets for such classes. The result of this one-month revenue reconciliation would be reflected on customers’ bills in the 10-month period September 2008 through June 2009.[136]

Consistent with the terms of JP, Appendix E, p. 2 of 5, the Company filed and served on June 2, 2008 the RDM revenue targets, for all 36 months in the three rate years, for those service classifications to which the proposed RDM would apply. We understand that the RDM targets are consistent with the November 2007 updated sales forecast. On June 3, 2008, the Company also filed and served spreadsheets giving context to the RDM revenue targets filed the prior day.[137] No active parties submitted comments on either of these filings.

2. Arguments

The proposed RDM is supported in the Company’s and DPS Staff’s initial statements. The Company points out that the proposed RDM terms are based primarily on DPS Staff’s original RDM proposal in Case 06-E-1433. However, a modification would be made such that revenues from customers receiving service under one of several economic development riders, regardless of their service classification, would not be subject to the RDM. According to the Company, this modification makes sense so that its economic development initiatives are not negatively impacted by an RDM. More specifically, it argues it would be inconsistent to have it shoulder a greater percentage of customer interconnection costs up front for economic development rider customers and to simultaneously prohibit it from

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[136] We previously discussed the make whole methods for customers, including those who would not be subject to the RDM and for delivery services that are available competitively.

[137] These filings are Appendices III and IV to this order.

benefiting from the resulting incremental revenues. Indeed, the Company goes so far as to say that if economic development customers are not excluded from the RDM, it would be "compelled to terminate [its three] economic development riders."[138]

DPS Staff adds that the JP's RDM terms are reasonable and should be adopted as they are similar to those adopted for Consolidated Edison Company of New York, Inc. and would likely be adopted if this case were fully litigated.[139]

The County criticizes the proposed RDM terms, on the grounds that there is no obvious connection to an energy efficiency plan, no clearly defined measurement metric nor meaningful, performance-based incentive to focus utility resources on achieving the benefits of energy efficiency. While the proposed RDM terms may have the salutary effect of smoothing revenue fluctuations, the County goes on, they should not be confused with those that would promote cost-effective energy conservation or speak to delivery rate disincentives to the promotion of energy efficiency. The County also suggests the proposed RDM terms would preclude what it describes as the stabilizing effects of increased delivery revenue for the Company, its shareholders, its sources of capital, and, ultimately, its customers.[140] However, the County does not expressly state whether it supports or opposes the adoption of the proposed RDM terms.

In response to the criticism that the proposed RDM has no connection to energy efficiency or conservation, the Company states that this linkage should occur later this year, with the resolution of issues in Case 07-M-0548, the Energy Efficiency Portfolio Standard Proceeding.[141] DPS Staff asserts that the April 20, 2007 order directing the filing of RDM proposals did

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[138] The Company's Initial Statement, pp. 14 and 15.

[139] DPS Staff's Initial Statement, pp. 34-35, citing Case 07-E-0523, supra, Order Establishing Rates for Electric Service (issued March 25, 2008), p. 24.

[140] The County's Initial Statement, pp. 10-11.

[141] The Company's Reply Statement, p. 3.

not require that RDMs be implemented simultaneously with energy efficiency programs and points out that a decision on an energy efficiency plan will be made soon in a separate case. It faults the County's failure to recognize the benefits of an agreement on what was a contentious issue and argues as well that it would be impractical to direct that an RDM be implemented only after an energy efficiency program is adopted for the Company in Case 07-M-0548.[142]

3. Discussion

The proposed RDM terms are reasonable and are adopted. It is anticipated that the RDM will help ensure that the Company will not have any financial incentive to stymie development of distributed generation and cost-effective energy efficiency programs. The current proposal is also advantageous to the extent it fully addresses the Company's concerns that it not be denied some of the benefits of its economic development initiatives.

The County's criticisms would be generally true of any RDM implemented prior to adoption of an energy efficiency plan. As DPS Staff points out, however, there is no need that the two be implemented simultaneously. It is also reasonable that an RDM be put into effect at the time of a new rate plan. The County's criticisms are unpersuasive.

## REVENUE ALLOCATION AND RATE DESIGN TERMS

### Cost of Service Study and Delivery Service Revenue Allocation

(JP, pp. 9-11 and 13-14)

1. Summary of Terms

The Company's tariff filing included an embedded cost-of-service study for calendar year 2004.[143] One result of the study is a statement of the Company's overall rate of return in that year and rates of return for 30 classes and subclasses of

[142] DPS Staff's Reply Statement, p. 2.

[143] Ex. 35, Schedule 1.

electric customers.[144] The study suggested that some classes and sub-classes were yielding rates of return greater than the Company as a whole while others were generating rates of return below the Company as a whole. To the extent class or sub-class rates of return deviate from the Company's overall rate of return by more than 10%, this is generally understood to mean a class is over contributing and in a surplus situation or under contributing and in a deficiency situation.

DPS Staff disagreed with one aspect of the Company's study, maintaining that overhead and underground electric line transformer costs are not exclusively demand related and, in fact, are primarily customer related.[145] A method for correcting the Company's study results for overhead and underground line transformers was proposed by DPS Staff and the results are in evidence.[146]

The Company disagreed with DPS Staff's proposed adjustment related to overhead line transformers. Alternatively, the Company argued that even if DPS Staff's adjustment were in order, a different approach should be adopted to implement it.[147] The impacts of DPS Staff's proposal and the Company's alternative are in the record insofar as they pertain to the calculation of customer costs.[148]

For purposes of allocating the delivery service revenue requirement among customer classes and sub-classes, the Joint Proposal starts with the proposition that the Company's

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[144] Id., Table 1, pp. 1-7. Those results are also restated in Ex. 35, Schedule 1, Table 1A (the last page of Schedule 1,) so that the sum of class surpluses outside the +/- tolerance band equals the sum of class deficiencies outside the +/- tolerance band. Otherwise the correction of class deficiencies and surpluses could unintentionally increase or decrease total Company revenues.

[145] Ex. 98, pp. 8-9.

[146] Ex. 100, SRP-2.

[147] Ex. 36, pp 1-2. The alternative suggested that the costs of large transformers are not customer related.

[148] Ex. 38.

original embedded cost of service study results should be adjusted as proposed by DPS Staff, subject to the Company's rebuttal refinement for overhead transformers. The results suggest revenue deficiencies exist for SC 3 General Primary Service, SC 21 General Primary Optional-Time-of-Use Service, SC 9 General Commercial Service Over 1,000 kW, SC 22 General Industrial Service over 1,000 kW, SC 4 Public Street Lighting, SC 5 Traffic Signal Lighting, and SC 16 Private Area Lighting.[149]

With respect to delivery revenues that are intended to match costs of services not subject to competition in the first rate year, the Signatories propose that revenues before any increase should be adjusted to reflect one-third of any class surplus or deficiency and then increased by 8.23681%.[150]

Consistent with an approach supported in the Company's direct case[151] and agreed to by DPS Staff,[152] it is also proposed that the delivery revenue increases per class be mitigated by limiting each customer class to an increase of not more that 1.5 times and not less than .5 times the overall delivery revenue increase. The effect of this mitigation step in rate year one would be that revenues from the following classes would be lower by the specified amount than they would be based solely on a three-year phase-in towards cost of service starting in rate year one:

| | | |
|---|---|---|
| SC 3 | General Primary Service | $ 10,735 |
| SC 4 | Public Street Lighting | 90,344 |
| SC 5 | Traffic Signal Lighting | 12,257 |
| SC 16 | Private Area Lighting | 234,581 |
| | Total | $347,907 |

[149] JP, Appendix C, p. 3 of 4, Surplus/Deficiency column. Note 1 on this page refers to "Ex. E-12." That is properly identified as Ex. 35. See, also, Appendix II to this order, p. 8.

[150] The derivation of this figure is set forth in JP Appendix C, p. 2 of 4 as well as in Exhibit 1, Sched. 1, p. 2 of the Company's Initial Statement.

[151] Tr. 9, 46 and 47.

[152] Ex. 98, pp. 12-13.

The delivery revenues not recovered from these classes in the first rate year on account of this mitigation step would be made up by the following classes and to the extent specified:

| | | |
|---|---|---|
| SC 1 and 19 | Residential and Residential Optional Time-of-Use | $215,544 |
| SC 2 and 20 | General Secondary or Primary Service and General Secondary Optional Time-of-Use | 99,339 |
| SC 3 and 21 | General Primary and General Primary Optional Time-of-Use | 4,561 |
| SC 9 | General Commercial Service over 1,000 kW | 16,850 |
| SC 22 | General Industrial Service Over 1,000kW) | 10,243 |
| SC 25 | Standby Service (Rate 4) | 1,371 |
| TOTAL | | $347,908[153] |

It is proposed that delivery revenue increases for services not subject to competition in rate years two and three be allocated in the same manner.[154] Preliminary indications are that application of the proposed mitigation adjustments in those years will result in imbalances in the second and third rate years on the order of $321,147 and $617,297, respectively, as compared to $347,907 in rate year one.[155]

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[153] JP, Appendix C, p. 3 of 4, 4th and 5th columns counting from the right, and the Company’s Initial Statement, p. 12 and Exhibit 1, Schedule 1, p. 3 of 4.

[154] JP, p. 13.

[155] The Company’s Initial Statement, Ex. 1, Sched. 2, p. 3 of 4, 8th and 9th columns from the right and Sched. 3, p. 3 of 5, 8th and 9th columns from the right.

2. Arguments

DPS Staff argues that it is reasonable to base revenue allocation and rate design decisions on the Company's cost-of-service study, as refined to reflect that the overhead and underground transformer costs are not solely demand-related. It contends such modified results would be adopted if the issue were decided based on a litigated record.[156]

As to the phased elimination of class surpluses and deficiencies over the three rate years, this is supported by the Company, DPS Staff and the County. The Company and DPS Staff echo the theme that the gradual alignment of costs and revenues is reasonable to the extent it mitigates bill impacts. The County, meanwhile, expressly supports the proposed moderation of the revenue increases for the SC 4 public street lighting and SC 5 traffic signal lighting classes, so that municipalities can better predict rate increases and address them in annual budget processes. The County suggests that municipal customer classes are entitled to rate mitigation because they are also facing difficult times.[157]

Finally, the Company points out that the further mitigation step, of limiting class increases to not more than 1.5 times and not less than .5 times the overall increase, is supported by the testimony of Company witness Atzl.[158]

In a public comment, the Supervisor of the Town of Ramapo also spoke in support of the proposed amelioration of bill increases for SC 3, 4, 5, and 16 customers.[159]

3. Discussion

The proposed revenue allocation is generally reasonable, in large part because it is based on the modified results of a cost study that is otherwise not disputed. The proposal that class increases be limited to not more than 1.5 times and not less than .5 times the overall increase is also

[156] DPS Staff's Initial Statement, pp. 28-29.

[157] The County's Initial Statement, pp. 6-7.

[158] The Company's Initial Statement, p. 10.

[159] Tr. 978.

adopted in the context of evaluating the overall reasonableness of all the terms of this Joint Proposal.

As discussed above, however, application this proposal has the effect of extending by many years the period during which revenues contributed by some classes are more than 10% above the costs to serve them and revenues contributed by other classes are more than 10% below the cost to serve them.

Accordingly, in the next case generally concerning the Company's delivery service revenues and rates, the Company is directed to present a new embedded cost-of-service study. Based on the results of that study, the Company is directed and other interested parties are invited to make proposals that would shorten materially the number of years in which these revenue/cost imbalances would persist, while still taking into account customer billing impacts.

Rate Design

The Signatories offer proposals as to how to design rates to collect the delivery service revenue requirement allocated to each class that will not otherwise be recovered through charges for delivery services available competitively.[160] The proposals are outlined in detail for the first rate year and the same general approach would be followed in rate years two and three.

For residential customers, the additional required revenues would be recovered in part by increasing customer charges by two times the overall class delivery service percentage increase. The balance of the residential service delivery revenue requirement would be recovered by increasing per kWh charges on an equal percentage basis.

For SC 3, 9, 20, 21, and 22 (general primary, general commercial over 1,000 kW, general secondary optional time-of-use, general primary optional time-of-use, and general industrial over 1,000 kW), the customer charge would be

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[160] The latter would be recovered through Merchant Function Charges, POR discounts, metering charges, and billing and payment processing fees, all of which are discussed below.

increased by twice the overall class increase, demand charges would be increased by one times the class-specific revenue increase, and the revenue requirement balance would be collected by increasing per kWh charges on an equal percentage basis.[161]

For SC 2 (general secondary) there would be no increase in the customer charge and per kWh charges would be decreased on an equal percentage basis. (This excludes an unmetered subclass of SC 2.)[162]

For SC 4, 5, and 16 (public street lighting, traffic signal lighting, and private area lighting dusk to dawn service) all charges would be increased by the class percentage increase. For SC 16 energy-only service (i.e., the customer owns the lighting fixture) the customer charge would be increased by one times the overall class percentage increase. Separate provision would also be made for unmetered SC 16 customers, SC 25 standby service (of which there are currently no customers in three rate groups and some customers in a fourth rate group), and for SC 15 (buyback service).

The Company points out that the general proposal, to increase customer charges by two times the applicable class percentage delivery service revenue increase, is based on the testimony of a DPS Staff witness and recognizes that the Company’s customer charges for most classes are lower than fixed monthly customer costs. Applicable demand and energy charge increases, on the other hand, would be changed by the applicable class percentage and is otherwise necessary, respectively, to recover the revenue requirement.[163]

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[161] This information reflects an update in Exhibit 2, p. 3 of the Company’s Initial Statement.

[162] SC 2 customers would experience total delivery revenue increases of approximately .5 times the overall increase. This would be the net result of increases in charges for delivery services that are available competitively and decreases in charges for delivery services available on a monopoly basis.

[163] The Company’s Initial Statement, pp. 10-11, citing Ex. 98, p. 15.

DPS Staff explains how some aspects of the proposed rate design are based on the Company's filing and were accepted by DPS Staff. These include the rate design for three lighting classes, the proposed customer charge for SC 2 unmetered service, and that there should be no increase in the customer charge for SC 2 metered service. DPS Staff concurs in the Company's arguments in support of greater percentage increases in customer charges and argues that the overall rate design proposed in the JP is reasonable because it ensures more fixed costs are recovered in fixed rate components and that usage rates reflect variable costs.[164] One member of the public commented that the customer charge should not go up too much for those who do not use much commodity.[165]

For the reasons presented by the Company and DPS Staff, the above-described rate design changes are reasonable and they are adopted. The proposed customer charge increases are small nominally and move gradually in the direction of cost.[166]

<u>Service Fees and Other Tariff Changes</u>

(JP, pp. 18-21)

The Signatories propose that the Company be allowed to:

1. Increase charges for reconnections that are not made at the street from $9.00 to $27.00 during normal business hours and from $21.00 to $41.00 outside normal business hours.
2. Increase re-inspection fees to $51.00 for installations of less than 600 volts and to $120 for installations of 600 volts or greater. (These would apply when an initial, no-direct-cost inspection shows one or more violations of Company or applicable code requirements.)

[164] DPS Staff's Initial Statement, p 29.

[165] Tr. 1074.

[166] Current residential customer charges of $8.54 per month (Ex. 100, SRP-4, p. 1) compare to a customer cost of at least $12.10 (Ex. 38).

3. Increase to $27.00 the fee for collection of payment by the Company at a customer premises (excluding residential customers) in instances after a disconnection notice is issued and after the time to pay set forth in that notice has expired.
4. Increase from $19.00 to $27.00 the charge paid by an ESCO to suspend service to a customer at the request of the ESCO.

Other proposed tariff changes include the elimination of the Competitive Transition Charge, a modification of the budget billing tariff to reflect the Company's ability to establish customer-specific budget years, numerous clarifications and updates with respect public and private area lighting services, and the addition of definitions for Full Service and Retail Access Customers.

A review of the Company's tariff leaves also suggested some housekeeping changes are needed.[167] Such changes would be reflected in the Company's compliance filing in this case.

No arguments are offered concerning any of these terms. However, the record shows that with the exception of the referenced housekeeping tariff changes, the Company submitted sworn testimony in support of all the proposed changes. Among other things, this testimony explains that the competitive transition charge is no longer necessary,[168] sets forth a detailed explanation of all the proposed service fee changes,[169] and sets forth the bases for the other changes summarized above.[170] The Company's explanations are reasonable. The proposed fee changes are also fair to the general body of ratepayers as they are intended to ensure that those customers creating costs are generally responsible for paying them. For these reasons, and in the absence of any evidence or arguments to the contrary, the proposed terms are adopted.

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[167] The Company's June 23, 2008 Response to ALJ question 48.

[168] Tr. 28-29.

[169] Tr. 19-27.

[170] Tr. 29-31.

Bill Format

(JP, p. 21 and Appendix D)

The Signatories propose that the Company be required to: (1) implement the bill formats set forth in JP Appendix D for full service and retail access residential and non-residential customers; (2) provide “price to compare” information on its website during 2008 and quarterly on customers’ bills stating in January 2009; and (3) implement by January 2009 any adjustments to current “government surcharge” labels used on bills, if warranted after further discussions between the Company and DPS Staff.

The Company reports that the proposed bill formats reflect a proposal it originally made in this case to comply with a February 18, 2005 order in Case 00-M-0504, as modified to reflect revisions proposed by DPS Staff and other interested parties.[171] There are no other comments.

The proposed new bill formats are reasonable on their face and the proposed terms are adopted with one caveat. The parties may not unilaterally revise the bill format we adopt today and need to report back should further discussions suggest changes are warranted.

Market Supply Charge

(JP, p. 22)

The Signatories propose that the Company file a study, within 90 days of our decision in this case, concerning the advantages and disadvantages of revising the current Market Supply Charge (MSC) tariff in a manner that would reflect the NYISO day-ahead market prices in effect during a customer’s billing period.

The Company states that this proposal is intended to address a DPS Staff concern and clarifies that Orange and Rockland is not proposing any MSC tariff changes at this time.[172] The study, it says, should provide for a full airing of all

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[171] The Company’s Initial Statement, p. 13.

[172] Id., p. 14.

relevant issues. DPS Staff advises that it did not propose to modify the MSC in its direct case. Adoption of the proposed term, it says, keeps open the possibility that the MSC could be changed during the three rate years. It urges that the proposed terms be adopted.[173]

It is apparent that the MSC could be changed during the three rate years whether or not the proposed study is filed and discussed. The proposed terms are otherwise unobjectionable and they are adopted.

## OTHER TERMS

### Customer Service Performance Incentive Mechanism

(JP, pp. 33-34 and Appendix M)

#### 1. In General

Under a customer service performance incentive mechanism, annual customer survey results and data about customer complaints related to matters generally within the Company's control are compared to standards or targets. If a utility does not meet the applicable standard for a reporting period, a calendar year in this instance, it forgoes a portion of its revenues for that year.[174]

In a case decided in October 2007, the Company was directed to continue its CSPI mechanism with changes. The changes included, among others, that customer complaints about electric commodity rates would no longer be counted and that the amount of the Company's revenues at risk should differ depending on the extent to which customer survey results differ from the target.[175]

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[173] DPS Staff's Initial Statement, p. 34.

[174] Any resulting revenue adjustment is not a "penalty" as that term is used in the Public Service Law §§24 and 25. For this reason, references to revenue adjustments as "penalties" are incorrect and misleading in Commission proceedings.

[175] Case 06-E-1433, supra, Order Setting Permanent Rates, Reconciling Overpayments During Temporary Rate Period, and Establishing Disposition of Property Tax Refunds (issued October 18, 2007), pp. 26-27. (The October 2007 Order.)

In this case, O&R advocated elimination of the CSPI mechanism, arguing in part that the Company already works hard to provide superior service quality and that a CSPI mechanism is not necessary.[176] DPS Staff recommended continuation of the CSPI mechanism.[177]

The Joint Proposal supports continuation of the CSPI mechanism. Under the proposal, among other things, the Company would be at risk of losing up to $300,000 of revenue per year each if its residential customer assessment survey and commercial and industrial survey results, respectively, are below the proposed targets, for a total of up to $600,000. The survey results would be gathered using a survey instrument that is reproduced as Appendix M of the Joint Proposal. Additionally, the Company would be at risk of losing up to $500,000 of revenue per year if the number of customer complaints to the PSC that would be counted each year for purposes of this mechanism are greater than 2.6 per 100,000 customers. As a further incentive to avoid circumstances that will result in complaints, the Company would be at a slightly lower risk of losing annual revenues in any year following one in which the Company achieved a “superior” customer complaint rate of less than or equal to .9 complaints per 100,000 customers.

2. Arguments

The Company states that it remains strongly opposed to a regulatory framework premised on avoiding revenue disallowances. It remains convinced that mechanisms like this and one discussed next promote a needlessly adversarial regulatory climate and lead to unintended and often negative consequences. The Company agrees with these terms, however, based on its assessment of litigation risks and other factors.[178]

DPS Staff supports the proposed CSPI mechanism terms because they help to align the interests of customers and

[176] Ex. 40, p. 2.

[177] Ex. 47, pp. 6-7.

[178] The Company’s Initial Statement, p. 24.

shareholders, are in effect throughout New York, and ensure that there are consequences when utilities providing monopoly delivery services fail to provide good customer service. It notes as well that no revenues would be lost if existing service quality is maintained by the Company and that these proposed terms are consistent with the likely outcome of a fully litigated case.[179]

3. Discussion

The proposal that a CSPI mechanism remain in place is reasonable and supported by the direct testimony of DPS Staff. As discussed below, however, there are several aspects of the latest proposal that are of concern.

Under the proposed CSPI, customer complaints that would be ignored include (1) duplicate rate consultant complaints; (2) high commodity price complaints; (3) complaints about the Company's implementation of a "Commission-approved transmission right-of-way management plan;" (4) complaints resulting from any new Commission requirements; and (5) complaints lodged during any month in which there is an emergency, catastrophe, strike, natural disaster, or a major storm, but only if such event affects more than 10% of all customers in any month.

The third, fourth, and fifth items would all be new. However, these proposed changes were not identified as such by the parties and no support for these changes was provided.

Regarding the need or necessity for exclusions in general, such exclusions would be pertinent only in cases where a utility otherwise might lose revenues, unless certain exclusions were granted. O&R faces no loss of revenues through operation of the CSPI below a complaint level of 2.5. Over the past three years, its complaint levels, without such exclusions, were 0.9, 0.9, and 1.1. Its complaint levels could thus more than double, before any exclusion would even have any effect. It is therefore unclear why any additional exclusions are needed.

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[179] DPS Staff's Initial Statement, pp. 42-43.

As to the third item on the list above, there have been customer complaints related to: (1) a prior Commission order on right-of-way management; (2) a plan filed with, but not approved, by this Commission; and (3) work by the Company or its contractors that is inconsistent with prior Commission orders or the Company’s plan. It is understood that utility procedures, even properly implemented, potentially cause customer complaints, but this is why the target is not 0.0 -- a certain number of complaints are expected and provided for in the 2.5 target. The Company has in the past conducted tree trimming, and undoubtedly has received complaints about it -- those complaints are part of the historic benchmark that comprises the 2.5 target. There should be no exclusion without also lowering the target.

Furthermore, complaints to the effect that the Company improperly or inconsistently implemented applicable right-of way management requirements would also be excluded under the JP language. However, no rationale is provided for such a result.

Similar concerns are raised by the proposed exclusions for complaints generated by new Commission requirements, and complaints that occur during periods of "abnormal operating conditions." The Signatories have not even discussed never mind established that complaints in these categories should be ignored for purposes of the CSPI.

For example, if a customer complains that the Company practiced discrimination in awarding rebates under a utility administered energy efficiency program, it would appear that the JP would bar consideration of such complaints since they would arise from a new Commission requirement to implement such programs. Almost any complaint relating to inadequate service could be excluded based on the JP's requirement that O&R's full labor complement not be reached until Rate Year 3.

Consolidated Edison’s rate plan is unique among New York utilities in that it is the only one that currently provides an exclusion for “abnormal operating conditions.” Consolidated Edison's mechanism is unlike O&R’s as the former’s target lies much nearer to its performance level. Consolidated

Edison's revenue adjustments also commence at a level of 2.6, but its performance over the last three years has been 2.0, 2.3, and 2.1. Furthermore, Consolidated Edison's exclusion has been in place for more a decade, and was considered in establishing its target; no justification has been provided for creating such an exclusion for O&R at this time.

Subject to our decision that three categories of the proposed exclusions should not be adopted for substantive and procedural reasons, the proposed CSPI terms are otherwise reasonable under all of the circumstances and they are adopted.

Reliability Performance Mechanism

(JP, pp. 33-34 and Appendix M)

In the Company's last rate case, reliability performance targets were adopted of 1.70 hours for the customer average interruption duration index (CAIDI) (up from 1.54 hours) and of 1.36 outages per year for the system average interruption frequency index (SAIFI) (down from 1.70 outages per year). The amount of revenue at risk for exceeding each of these targets was also increased from a .04% return on equity to a .10% return on equity, or from slightly less than $200,000 each to more than $400,000 each.[180]

In this case, the Company proposed no change in the amounts at risk. However, the Company proposed that SAIFI be given greater weight in determining whether it should have to forgo a portion of its annual revenues.[181] DPS Staff opposed the Company's proposal.[182]

In the JP, the Signatories propose adoption of a CAIDI target of 1.70 hours and a SAIFI target of "1.36 Hrs./Customer."[183] It is also proposed that the amount at risk for failure to meet each target be increased during the three rate years as follows:

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[180] The October 2007 Order, pp. 27-28.

[181] Tr. 128-131 and 138-140.

[182] Tr. 214-223.

[183] JP Appendix M, p. 3. The latter units should be outages per year and our evaluation is based on that change.

| | CAIDI | SAIFI |
|---|---|---|
| Rate Year 1 | .10% on equity | .10% on equity |
| Rate Year 2 | .10% on equity | .15% on equity |
| Rate Year 3 | .20% on equity | .20% on equity |

As in the case of the customer service performance mechanism, the Company expresses strong reservations about the need for a reliability performance mechanism and explains why it nevertheless is a Signatory. It also explains that the maximum amount at risk for this mechanism would increase from $800,000 to approximately $1.6 million per year, even though neither DPS Staff nor any other party introduced any evidence suggesting the Company is providing less than reliable service.[184] DPS Staff argues the increases in revenues at risk are reasonable given that the proposed revenue requirements are based in large part on the need to fund projects designed to enhance reliability.[185]

Subject to the previously discussed clarification of the correct units for SAIFI and that the incorrect and misleading references to "penalties" in JP Appendix M should be to revenue adjustments, the proposed reliability performance mechanism terms are reasonable under all of the circumstances and they are adopted.

Low-Income Program

(JP, p. 34)

A revised low-income program was adopted in the Company's prior electric rate case and is now in effect. Under the current program, electric heating customers identified as Home Energy Assistance Program (HEAP) recipients receive a $10.00 monthly bill credit and customers that do not heat with electricity and that are identified as HEAP recipients receive a $5.00 monthly bill credit.[186] The Signatories propose that the same low-income program be continued during the next three rate years.

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[184] The Company's Initial Statement, p. 24.

[185] DPS Staff's Initial Statement, p. 39.

[186] The October 2007 Order, pp. 24-25.

The annual revenue requirement associated with the provision of this discount would be $317,000 in rate year one, $324,000 in rate year two, and $330,000 in rate year three.[187] If the Company provides low-income discounts that total more or less than these specified amounts, it would defer the difference for recovery from or for the benefit of customers.

In its initial statement, DPS Staff repeats the proposed terms.[188] The Company observes that the proposal to include the cost of these discounts in rates is a change as such costs were previously covered by available credits.[189]

At the first public statement hearing on May 21, 2008, the Supervisor of the Town of Ramapo spoke in favor of the low-income terms, observing that their adoption would double the amount of low-income discounts to be available each year.[190] This statement is generally correct with reference to the October 2007 Order. A speaker at the public statement hearing on May 21, 2008, states that senior citizens on fixed incomes should also be eligible for rate discounts. Seniors on Social Security should receive such discounts, for example, on the grounds that they do not have enough on which to live after paying for medical insurance.[191]

The basic issue presented by this public comment is whether low-income discounts should be expanded. Limiting program eligibility to HEAP recipients is reasonable as this provides some level of assistance to those most in need without unduly burdening the general body of ratepayers that itself comprises many with low to moderate incomes.

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[187] JP Appendix G.

[188] DPS Staff’s Initial Statement, p. 21.

[189] The Company’s Initial Statement, pp. 24-25.

[190] Tr. 974.

[191] Tr. 1030-1031.

Withdrawal of Litigation

(JP, p. 38)

If a three-year rate plan is established consistent with the terms of the Joint Proposal, the Company will promptly withdraw all of its pending court challenges to prior decisions issued in Case 06-E-1433.

The Company does not comment on this proposed term in its initial statement. DPS Staff argues the proposed terms are reasonable and should be adopted as this would result in the settlement of contentious issues, allow the Company to avoid the cost of litigation and focus resources in its core business, eliminate our possible need to reconsider prior decisions in the referenced case, or to adjust the expense allowances set forth in the Joint Proposal.

This proposed term is reasonable and it is adopted.

Energy Efficiency Program

(JP, p. 34)

The Company was previously allowed to use funds to assess the potential for energy efficiency in its service territory[192] and to hire human resources in contemplation of a future energy efficiency program. It was also directed to file an energy efficiency plan in June 2008.

In this case, the Company sought authorization to implement an energy efficiency program cost recovery mechanism. Options it discussed included diverting some System Benefit Charge (SBC) revenues from programs managed by the New York State Energy Research and Development Authority (NYSERDA) to Company programs, increasing the SBC to fund Company programs, or instituting a new surcharge to fund Company-sponsored energy efficiency programs.

DPS Staff opposed implementation of a new surcharge and said the Company should be authorized to defer the costs of any energy efficiency program incurred in 2008, pending establishment of an energy efficiency plan and a cost recovery

[192] The October 2007 Order, p. 29.

mechanism in the Energy Efficiency Portfolio Standard Proceeding, Case 07-M-0548, or in Case 06-E-1433.[193]

The Joint Proposal states that a decision on the energy efficiency plan to be filed in June will be made in the Energy Efficiency Portfolio Standard Proceeding and proposes that the Company start collecting $4 million annually for such plan, at the beginning of rate year one, via a separate, non-bypassable surcharge.

1. Arguments

The Company argues that implementation of the surcharge would be worthwhile so that utilities like it can help ensure the State will meet its ambitious efficiency goals. It asserts that customer interests will be protected as funds would only be expended on approved plans. Finally, the Company points out that it is not currently engaged in any general outreach and education concerning energy efficiency and it asks that $25,000 of the $4 million be used each year for that purpose, pending a decision on its proposed energy efficiency plan. This proposal goes beyond what is stated in the JP.[194]

DPS Staff argues that the approach described in the JP would allow energy efficiency programs to be implemented as soon as possible. It asserts that imposition of the surcharge at the beginning of rate year one would help ensure funding would be in place and that program implementation would not be delayed.[195] DPS Staff does not comment on the use of any surcharge funds for outreach and education purposes.

The County is cautiously supportive of the energy efficiency terms of the JP. The caution emanates from underlying uncertainty about whether programs to be implemented will be those that provide the greatest potential to decrease demand (which we understand to refer to capacity and energy)

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[193] Ex. 54, pp. 4-5.

[194] The Company's Initial Statement, pp. 25-26.

[195] DPS Staff's Initial Statement, pp. 41-42.

with the best cost/benefit ratio, or whether expenditures will be made in a manner so that people collectively “feel good.”[196]

Several members of the public spoke generally in favor of energy efficiency programs.[197] One issue raised with respect to energy efficiency is whether NYSERDA allocates sufficient SBC funds to the O&R service territory. The Supervisor of the Town of Ramapo states that the Company’s customers paid $32 million to NYSERDA over a period of six years during which period only $13 million was spent on energy efficiency programs in the Company’s service territory.[198] This comment is offered for purposes of supporting the proposed $4 million surcharge on the grounds that all of that money would benefit the Company’s customers alone.

Another public comment questions the need for the $4 million surcharge, asserting it would duplicate customers’ ongoing funding of SBC programs that are administered by NYSERDA.[199] Finally, it is suggested that Consolidated Edison’s energy efficiency program is better to the extent it provides greater incentives to reduce demand.[200] The speaker suggests this problem should be addressed through interaction between DPS and NYSERDA.

As to concerns expressed about these allocation of SBC funds in the past, NYSERDA states that this Commission has not required regional parity as this would inherently jeopardize the effectiveness of the SBC program designed to benefit the state as a whole. NYSERDA adds that this Commission’s recent decision

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[196] The County’s Initial Statement, pp. 8-9.

[197] Tr. 979, 985, and 1,023.

[198] Tr. 1,012. The Supervisor suggests that NYSERDA should address this discrepancy going forward. The Company states that the correct figures are $32 million and approximately $14 million and suggests the disparity is inherently unreasonable and that it is unaware of any facts which justify such disparity. The Company’s June 23, 2008 Response to ALJ question 49.

[199] Tr. 991.

[200] Tr. 1,023.

in the EEPS proceeding, under which NYSERDA, utilities, and third parties will provide energy efficiency services, is in part a response to prior claims about a lack of regional parity.[201]

2. Discussion

The primary issue presented is whether a $4 million per year surcharge should go into effect at the beginning of rate year one. We conclude not, as our recent order in the Energy Efficiency Portfolio Standard proceeding directed the Company to increase the SBC surcharge by $6.873 million annually, effective in October 2008.[202]

The second issue presented is whether the Company should be allowed to use $25,000 per year to fund a general basic outreach and education program. That proposal is not adopted in part because no funds for general outreach and education efforts have been allocated to utilities to date in the EEPS proceeding. Rather, utilities such as the Company and other interested parties will participate in a collaborative about how funds allocated for general outreach and education should be spent going forward. A portion of the $6.873 million to fund Company energy efficiency programs can be expended on program-specific marketing. The amount to be allocated to market each program, however, should be considered at the same time that the Company's energy efficiency plan is under review.

The funds to be allocated to O&R for energy efficiency programs are in addition to those currently funded by the SBC and electric ratepayers will not be paying twice for the same programs. As to concerns expressed about the past allocation of SBC funds to the Company's service territory, NYSERDA's July 2, 2008 response is correct and was complete at the time it was tendered. Based on a ruling issued in the EEPS case on July 3,

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[201] NYSERDA's July 2, 2008 Response to an ALJ question.

[202] Case 07-M-0548, Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Order Establishing Energy Efficiency Portfolio Standard and Approving Programs (issued June 23, 2008), Appendix 1, Table 16.

2008, what is there described as the "Geographic Equity" issue will continue to be examined in that proceeding.[203]

Retail Access

1. Background

The Company has an "Energy Choice" Program that allows customers to choose their own electricity and/or natural gas supplier. The Company's web page provides information about Energy Choice, including about "PowerSwitch," an introductory Energy Service Company (ESCO) referral program. The latter program offers residential and small commercial customers a one-time offer (per type of service) of 7% off the supply portion of a customer's bill for two months, if the customer chooses an ESCO or elects to have the Company randomly select one for it. The Company's purchase of ESCO receivables is an element of that program. Numerous alternative suppliers are also listed on the Company's web page as is information about the prices for commodity purchased from the Company on $/kWh and $/hundred cubic foot bases. Finally, the Company has an "ebids" program under which a customer can ask ESCOs to compete for that customer's business.

2. The ESCO Referral Report
(JP, pp. 21-22)

The Signatories propose that the Company be required to evaluate and report within six months of our order on whether new customers requesting service from the Company should be among those referred to ESCOs. It is also proposed that if there are any changes to the Company's PowerSwitch program after the report is filed, that they would apply prospectively only and that any incremental costs would either be recovered from ESCOs or deferred for future recovery from ratepayers.

The Company states that the first term is proposed to address the concerns of the Small Customer Marketer Coalition and the Retail Energy Supply Association and that the second is

[203] Case 07-M-0508, supra, Procedural Ruling Concerning EEPS Design Issues (issued July 3, 2008), p. 5.

intended to address concerns of CPB.[204] The Small Customer Marketer Coalition and the Retail Energy Supply Association separately refer to the proposed ESCO referral report as an example of how the JP would affect in a positive manner the growth and development of the Company's retail access program.[205]

CPB notes that the number of PowerSwitch participants is decreasing, from 9,953 in 2003 to 423 in 2007 and says this suggests the program is no longer needed. It also makes clear that it opposes ratepayer funding of ESCO referral programs and the option under which the Company selects ESCOs randomly for some customers, as the latter benefits ESCOs who do no marketing. However, CPB anticipates that a number of ESCO referral program issues will soon be considered on a generic basis and it argues the JP properly proposes no changes to the Company's ESCO referral program for this reason. Adoption of the JP's terms, CPB concludes, would ensure there would be no barriers to any such changes during the three-year rate plan.[206]

The proposed terms are supported by all the Signatories, including two representing the interests of some ESCOs, as well as by CPB. The proposed terms are also reasonable and they are adopted.

### 3. Mandatory Day-Ahead Hourly Pricing

The Company's existing tariff[207] states that mandatory day-ahead hourly pricing generally applies to customers receiving power supply from the Company who are served under SC 9 (General Commercial use over 1000 kW), SC 22 (General Industrial use over 1000 kW), and SC 25 (Standby Service rates 3 and 4) but who are not taking service under Rider G (NYPA-EDP Delivery Service), Rider I (Retail Access Program), or Rider J (NYPA Power for Jobs Service Rider).

The Company's August 10, 2007 tariff filing proposed no change to this tariff leaf and no issue about it was

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[204] The Company's Initial Statement, p. 13.

[205] RESA's Initial Statement, p. 2 and the Letter from SCMC.

[206] CPB's Initial Statement, p. 6.

[207] P.S.C. No. 2 Electricity, $15^{th}$ Revised Leaf No. 22Y.

disclosed up to or during the hearings. However, the Company did describe the factors that would have to be considered before a change should be made.[208] In its initial statement, however, the Retail Energy Supply Association argues that this tariff leaf should be changed to include customers with demand of 500 kW or more in two of the prior twelve months. Four arguments are offered in support:

1. Rapid implementation of advanced metering is critical to the development of an energy efficiency marketplace.
2. Customers can make better decisions about the efficacy of energy efficiency programs if they have timely and accurate price signals.
3. ESCOs need access to data from advanced meters to develop products that meet the energy consumption needs of customers.
4. Expansion of the number of customers subject to mandatory day-ahead hourly pricing would be consistent with a recent decision, reducing from 1,500 kW to 500 kW the eligibility threshold for customers of Consolidated Edison.[209]

The Company replies that the circumstances here differ markedly from those in the recently concluded Consolidated Edison electric rate case. Among other things, the Consolidated Edison filing proposed to reduce the threshold to 500 kW and reflected in the underlying revenue requirement calculations all the costs associated with such a change, including those for metering upgrades and customer education. The Company is also concerned about expanding its hourly pricing program prior to an anticipated generic decision on advanced metering, pointing out that it would otherwise be running the risk of installing meters

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[208] Tr. 34.

[209] RESA’s Initial Statement, pp. 3-5, citing Case 07-E-0523, Consolidated Edison Company of New York, Inc. – Electric Rates, Order Establishing Rates for Electric Service (issued March 25, 2008), pp. 63-68. These arguments are also supported by SCMC.

and equipment inconsistent with what we might soon require.[210] DPS Staff replies that the issue should not be considered because RESA's proposal is not supported by the record and as any potential revenue requirement impacts have not been evaluated.

The change RESA and SCMC propose is substantively attractive because of the general benefits resulting from hourly pricing. Hourly pricing provides price signals that would facilitate efforts to reduce peak demand, increasing reliability during peak periods, mitigating wholesale market power, reducing the state's reliance on peaking units, and assigning costs in a fair and equitable manner. For these and other reasons, we agree as a matter of principle that the Company's Mandatory Day-Ahead hourly pricing should be expanded to include all customers with demands in excess of 500 kW in any two of the previous twelve months. We anticipate eligibility will be expanded to approximately 90 additional customers with a combined load of approximately 65 MW.

However, the proposal was raised very late in the proceeding and no information has been presented concerning how the change would be implemented and how the attendant costs would be recovered. In these circumstances, the Company is directed to file within 60 days an implementation plan to expand its mandatory day-ahead hourly pricing program. The plan should include proposed tariff amendments to effectuate an expansion to customers with demands in excess of 500 kW, outreach and education plans, an estimate of costs and proposed cost recovery terms, and meter data provisions at least as rigorous as those adopted recently for Consolidated Edison.

Once filed, the plan will be subject to comment and we will take action thereafter. The effective date of the plan to be adopted depends in part on the amount of outreach and education ultimately required. It is possible the program expansion would commence in early 2009.

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[210] The Company's Reply Statement, p. 3.

4. Merchant Function Charges and Purchase of Receivables Discount

(JP, pp. 6-8 and 14-15)

The Signatories propose that the Company be required to establish three Merchant Function Charges or MFCs (one charge each for three different sets of service classifications). The charges would apply only to full service customers and would be used to recover costs the Company incurs to provide competitive, commodity-related services. The relevant costs include those for commodity procurement, including purchased power working capital costs, credit and collections, and uncollectibles. Commodity procurement and associated credit and collections costs would be recovered from full-service customers on a specified ¢/kWh basis and would range from .078¢/kWh to $.313¢/kWh in rate year one. Any excess or shortfall would be recovered in a subsequent year. Uncollectibles costs would be recovered from full service customers by applying the historic uncollectibles percentage to the Company's Market Supply Charge and Market Supply Adjustment, both of which are used to recover commodity costs from such customers. The uncollectibles percentage would be updated every year based on the actual uncollectibles experience of all electric and gas purchase-of-receivables-eligible customers in an historic period.

The Signatories also propose that uncollectibles, credit and collection costs and risk factors should be reflected prospectively in purchase-of-receivables (POR) discounts and that the uncollectible component of the discounts should be updated once a year based on historic uncollectibles experience. The method for calculating the credits and collections component is that specified above and the risk factor would equal 20% of the uncollectibles percentage.

The Company maintains these terms comply with the Unbundling Policy Statement issued August 25, 2004 in Case 00-M-0504 and are based on the testimony of DPS Staff's witness.[211] DPS Staff argues the proposed changes should be

[211] The Company's Initial Statement, p. 11, citing Ex. 44, pp. 5-11.

adopted so that customers will know the Company’s full cost of providing commodity and be better situated to compare alternatives.

RESA and SCMC refer to the cost-based merchant function charges and the discount rates for the purchase of receivables as some of the proposed changes that would maintain the Company’s overall retail access infrastructure and affect in a positive manner the growth and development of the Company’s retail access program.

The unbundling and specification of merchant function charges and uncollectibles discounts are consistent with policy and make it easier for customers to make choices among competing commodity suppliers. The proposed terms are adopted.

5. Billing and Payment Processing

The Signatories propose an unbundled charge of $1.02 for billing and payment processing that would apply to the Company’s full service electric and gas customers and all retail access customers electing to receive two separate bills. The imposition of this charge for gas customers is described as one that would be revenue neutral to the Company and fully consistent with the October 20, 2006 decision in Case 05-G-1494, establishing a three-year rate plan. The billing and processing charge would not apply to retail access customers selecting the single bill option as the relevant ESCO would pay that fee.[212]

The Company supports these terms as they are consistent with policy[213] and DPS Staff agrees. DPS Staff also confirms that application of the billing and payment charge to gas customers complies with a prior gas rate determination for the Company.[214]

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[212] JP, p. 19, Section 4(E).

[213] The Company’s Initial Statement, p. 11.

[214] DPS Staff’s Initial Statement, pp. 32-33. See Case 05-G-1494, Orange and Rockland Utilities, Inc. – Gas Rates, Order Establishing Rates and Terms of Three-Year Rate Plan (issued October 20, 2006), pp. 10 and 32.

The proposed electric billing and payment process in terms are consistent with policy and reflect that billing and payment processing should be account specific. The proposed electric terms are also uncontested and they are adopted. As DPS Staff notes, this Commission previously authorized the $1.02 for gas service.

6. Metering Charges

The Company's existing tariff provides for credits for individuals who do not take metering services from the Company. The Signatories propose that the credit amounts for class-specific metering charges be increased by the percentage increase for delivery usage rates. There are no arguments or comments. The proposal is adopted.

## General Terms

(JP, pp. 36-41)

The Joint Proposal includes numerous general terms, including that:

1. *De minimis* electric rate changes could be made during the three-year rate plan.
2. Other electric rate changes could be made during the three-year rate plan if the Commission should determine that rates are too high or too low for reasons not envisioned today.
3. Tax and other cost changes resulting from government action (excluding property taxes) would either be reflected as surcharges or sur-credits or deferred for future amortization in the Company's next electric rate case. In the case of unanticipated expense or capital cost increases resulting from government action, the deferral and amortization would be conditioned on a $.7 million threshold per occurrence.
4. If the Company makes filings that should be exempted from public disclosure, it has a right to seek such protection and others have the right to agree or disagree.
5. The proposed terms would continue in effect beyond rate year three except that the amortization of "expiring" credits and debits would cease at the end of rate year three.

6. The proposed terms are inseparable and the parties have the right to pursue their respective positions without prejudice if the Commission materially alters the terms of the proposed three-year electric rate plan.
7. No one can cite the proposed terms as precedent except in furtherance of the purposes of the Joint Proposal.
8. In the event of a dispute over an interpretation of the proposed terms, the Signatories will attempt to resolve it or seek relief from the Commission.
9. The Signatories agree to support the JP, to cooperate with each other to effectuate the proposed rate plan, and to be bound by its terms.

Of the items summarized above, number four is unnecessary as there are no other terms in the JP to the contrary. The rights described in Item 6 are restricted by the fact that the extended suspension date is July 31, 2008. The Commission also cannot and does not modify the terms of any joint proposal. It adopts proposed terms, rejects proposed terms, adopts different terms, or does some combination of the above. As to Item 7, our decision in this case is precedental and may be cited as such. The Signatories' agreement, to refrain from citing the JP's terms as precedent, is not binding on non-Signatories. Finally, as to Item 9 on the list above, all parties are bound and governed by the terms of our decision, which takes precedence over any agreement among some or all of the parties to a case.

The terms summarized above in Items 1-3 are reasonable and adopted, subject to our understanding that the $.7 million threshold is a revenue requirement impact per occurence. Item 4 is unnecessary and is not adopted. Item 5 is also reasonable and is adopted, subject to our understanding that when rate year three ends has no bearing on the expiration dates for required or authorized amortizations. Item 6 is adopted subject to the discussion above. Item 7 is not adopted. However, this has no effect on the validity of the obligations of the Signatories to each other. Item 8 above is adopted, subject to the caveat that the Signatories cannot unilaterally interpret the terms of the three-year rate plan in a manner that is inconsistent with the express terms we adopt. Item 9 is not necessary for the establishment of a three-year rate plan and is not adopted. As with Item 7, this has no effect on the validity of the obligations of the Signatories to each other. We simply are not an arbiter of such obligations.

Other Public Comments

There were public comments beyond those previously discussed. They concern a variety of topics.

1. Net Metering

A speaker proposes that eligibility for net metering be expanded beyond residential customers, noting this is already happening in other states.[215] Another speaker notes that net metering was part of a plan issued in February 2008 by then Lieutenant Governor Paterson.[216] The Company responds that the Company will provide net metered service as required, including pursuant to new laws expected to go into effect this year.[217]

2. Automated Meter Reading

A speaker suggests the Company should be further along in the use of Automated Meter Reading (AMR). It appears the speaker is referring to Automated Meter Reading and Advanced Metering Infrastructure.[218] The Company responds that it has 34,935 electric and 13,668 gas AMR devices in service. The installations were made at new premises and at locations where access is difficult. As to AMI, the Company states that it has 74 large customers with advanced metering and that its future plans for AMI were filed March 28, 2007 and are pending in Cases 94-E-0952 and 00-E-0165.[219]

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[215] Tr. 980.

[216] Tr. 1006-1007.

[217] The Company's June 24, 2008 Response to ALJ question 37. Three relevant bills to amend the PSL include S.7171-B, S.8415, and S.8481.

[218] Tr. 1021.

[219] The Company's June 24, 2008 Response to ALJ question 41.

3. Substation Spill Containment and Safety

One speaker states that large substation transformers need spill containment regardless of who owns them and suggests that protective barriers should be placed between large transformers and nearby windows, to prevent injury from broken glass in the event of an explosion. An instance involving transformer and conductor safety problems at a specific location is also pointed out.[220]

The Company responds as follows:

- All of the Company's large substation transformers have spill containment and spill prevention and control counter measure plans.
- All of the Company's distribution transformers are protected by local fuses designed to prevent rupture and are in accordance with code. That code does not require barriers. The Company's response does not refer to its large substation transformers, presumably as they are located in Company-owned substation yards that are not accessible to the public.
- The specific safety concerns at one location pertain to customer-owned equipment. The customer was warned to correct the situation.[221]

4. Conductor Safety

A speaker suggests there are instances where the Company's conductors do not have ground clearances consistent with applicable codes. However, no specific instances were provided, including during follow-up contacts with the speaker.

The same speaker claims that the Company should be doing more to ensure its conductors de-energize promptly upon hitting the ground, so as to prevent fires, personal injury, or other damage. The Company responds that all of its distribution circuits are protected with relays that de-energize downed or faulted conductors. In "rare" instances, it says, downed

[220] Tr. 1021-1022.

[221] The Company's June 23, 2008 Response to ALJ questions 42, 43 and 45, and separate Company and DPS Staff reports to the ALJ on May 22, 2008 concerning the specific transformer and conductor safety problems.

conductors are de-energized through the Company's energy control center. The Company maintains its approach is reasonable.[222]

5. Procurement of Services and Equipment

Several speakers oppose the proposed rate plan on the grounds that the Company's procurement policies and practices are unfair, both with respect to services provided by contractors and equipment the Company purchases.[223]

It is suggested the Company should be restricted to a procurement policy under which the wages, hours, and working conditions of those performing construction work or manufacturing equipment should be about the same as those generally in effect in the area in which the work would be done. It was also stated there are frequently instances where wages, hours, and work conditions of Company contractors do not meet minimum legal requirements.

This Commission's longstanding policy is to remain neutral concerning disputes between any utility and those who work for it. This includes, for example, disputes about whether the total amount paid for wages and benefits is fair to utility employees and the relative degree to which labor should be provided by utility employees and/or outside contractors. Our responsibility is to ensure that the total costs the Company incurs are fair and reasonable given its responsibility to provide safe, adequate, just, and reasonable utility service. For this reason, the Company was asked to respond only on the issue of whether it seeks to ensure minimum legal requirements are met, and, if so, whether and how it monitors compliance with such requirements.

The Company responds that it (1) requires contractors to disclose prior criminal and environmental offenses of the corporation and its officers; and (2) uses a set of standard terms and conditions for construction contracts and equipment purchase orders that require compliance with all permit

[222] The Company's June 23, 2008 Response to ALJ question 42.

[223] Tr. 1024, 1026-1029, 1034, and 1036-1038.

requirements, codes, laws, and regulations.[224] In the Company's view, these represent reasonable methods for dealing with contractors and equipment providers and establish that it does consider the issue raised by members of the public. The Company's response is silent on the issues of whether and, if so, how it monitors compliance with the terms of its standard contract and purchase order terms.

### 6. Clarification of Customer Responsibilities and Proposed Blue Book Changes

One speaker states that the Company should provide customers with a summary of their responsibilities, such as for taking care of meters, service or drop lines, and poles.[225] These are topics that go beyond what is included in the Company's "Your Rights and Responsibilities as a Residential Customer of Orange and Rockland," posted on the Company's web site under either "Customer Publications" or "Tariffs and Regulatory Documents." However, these topics are otherwise discussed on the Company's web site under (1) Energy and Safety; Electricity; Your Connection to Our System, and (2) Programs and Services; Your Construction Projects; New Installations, Upgrades and Relocations; Specifications; Blue Book: General Specifications for Electrical Installations.

The same speaker, in the form of a letter timely filed, also proposes changes to the Company's Blue Book. As to the latter point, the Company responds that it received a copy of the letter only from the judge. It also states that its Blue Book was last revised in January 2008, that some of the changes proposed should be made in whole or in part, that other proposed changes are unwarranted, and that other proposed changes remain under consideration by the Company.

### 7. Discussion

Based on the public comments summarized and the Company's responses to the judge's post-hearing questions, we

[224] The Company's June 25, 2008 Responses to ALJ questions 44, 50, and 51.

[225] Tr. 1021-1022.

conclude that action on our part is not generally required on the issues summarized. One exception is that the Company does not state that it monitors contractor and equipment provider compliance with minimum legal requirements pertaining to wages, hours, and working conditions. At a minimum, we expect the Company to vigorously enforce its contract terms in instances when it receives reports and further investigation by it establishes that there is a lack of compliance with minimum contract requirements by one or more contractors or equipment providers.

Information on the Company's web site and summarized above, including about "Your Connection to Our System" and relevant Blue Book terms, describe customers' responsibilities in some detail. Whether that information needs to be set forth in a separate Company brochure is something the Company should consider carefully in the context of its overall budget for publications.

## CONCLUSION

We carefully reviewed the proposed terms and supporting information concerning the Company's electric delivery service revenue requirement, including projections of delivery service revenues without any increases in rates and charges, operation and maintenance expenses, depreciation and amortizations, taxes, rate base, overall rate of return, and a revenue neutral shift of costs previously recovered through the Company's Energy Cost Adjustment. We have also reviewed and discussed a small number of public comments and arguments by some active parties suggesting the Company's incremental electric delivery requirement could be lower than proposed by the Signatories. Our conclusion is that the Signatories have clearly established a need to increase the Company's delivery service revenues by approximately $23.3 million, $9.5 million, and $4.1 million in the three rate years. These figures are all lower than they otherwise might be as a direct result of efforts to ameliorate impacts on customers, primarily by accelerating the amortization of credits due customers and slowing the amortization of debits owed by customers.

The Signatories also propose to flatten the annual revenue increases to further ameliorate customer impacts and this is beneficial to all customers at no cost to the Company. The proposed $15.591 million per year revenue increases are reasonable.

We previously decided that the Company should be made whole for revenues forgone because of a warranted delay to August 1, 2008 for the establishment of new rates and charges. The proposals for implementing the make-whole are reasonable as is the proposal to make the Company whole for the entire month of July 2008 in the context of the proposed RDM terms.

The proposed RDM terms are reasonable and are noteworthy to the extent interested parties were able to reach agreement where they were previously unable to do so. The proposed terms help ensure the Company will have no incentive to interfere with distributed generation and cost-effective energy efficiency. The proposed terms also simultaneously address the Company's interest in achieving some benefit for its economic development efforts.

Our review of the proposed terms concerning revenue allocation, rate design, service fees, other tariff changes, and the Market Supply Charge yielded no immediate concerns. As discussed above, however, we expect to consider in the Company's next electric revenue proceeding proposals to accelerate matching of revenues and cost of service for all classes.

We are not adopting several changes proposed for the Company's Customer Service Performance Index mechanism because they were not identified as changes, the Signatories provided no support for the changes, and the changes are questionable on the merits. The proposed increase in the dollars at risk under the Company's Reliability Performance Mechanism is a plus for consumers to the extent the Company's incentive to provide reliable service would be 100% greater than the one adopted in the Company's last rate case.

The proposed Energy Efficiency Program terms are not unreasonable. However, they are not adopted as they are superseded by our recent decision in the Energy Efficiency Portfolio Standard proceeding.

The proposals related to retail access are generally reasonable. There is a proposal to reduce the demand threshold for customers taking Mandatory Hourly Day-Ahead pricing. We agree with the thrust of the proposal as a substantive matter. Given that the proposal was offered late in the case, and that pertinent issues cannot yet be considered, the Company is directed to file a plan within 60 days, providing all the necessary information. That plan will be subject to notice and comment.

We are adopting some general terms, rejecting others, and adopting some subject to caveats. Based on our review of other public comments, we see no need for any action on our part except with respect to one issue related to the Company's enforcement of the terms of its arrangements with its contractors and equipment providers.

The Commission orders:

1. The terms and conditions of the April 18, 2008 Joint Proposal with the updated Appendix L, set forth in Appendix I of this order, are hereby incorporated into and made a part of the order to the extent they are consistent with the discussions and conclusions above.

2. The supplemental terms and conditions concerning a portion of the make whole for July 2008 during rate year one, and an updated, superseding JP Appendix C and related JP text changes, all set forth in the Company's Initial Statement and included in Appendix II of this order, are incorporated into and made a part of this order to the extent they are consistent with the discussions and conclusions above.

3. Orange and Rockland Utilities, Inc. shall submit by not later than 4:00 p.m. on July 29, 2008 a written statement of unconditional acceptance of the terms of this order, signed and acknowledged by a duly authorized officer. If such

acceptance of this order is not so filed, all or part of our decision may be revoked. Orange and Rockland Utilities, Inc. shall file this statement electronically with the Commission's Secretary and serve electronic copies contemporaneously on all active parties in this case.

4. Assuming acceptance in accordance with the prior paragraph, Orange and Rockland Utilities, Inc. shall, by not later than July 31, 2008, cancel the tariff leaves and supplements listed in Appendix V to this order.

5. Orange and Rockland Utilities, Inc. is authorized to file on not less than one day's notice, to take effect on a temporary basis on or after August 1, 2008, subject to a make whole for July 2008, such tariff changes as are necessary to effectuate the terms of this order.

6. Orange and Rockland Utilities, Inc. is also authorized to file such further tariff changes as are necessary to effectuate the rate year two and three delivery service revenue increases. Such further tariff changes shall be filed on not less than 30 days' notice to be effective on a temporary basis on or after July 1, 2009 and July 1, 2010.

7. Orange and Rockland Utilities, Inc. shall contemporaneously serve copies of its compliance filings on all active parties in this proceeding by first class mail or better service. Any comments on each compliance filing must be received within 14 days of the filing and service. The amendments specified in each compliance filing will not become effective on a permanent basis unless and until they are approved by the Commission and will be subject to refund if any showing is made that the revisions are not in compliance.

8. The requirements of Public Service Law §66(12)(b) that newspaper publication be completed before the effective date of the amendments are waived with respect to the rate year one delivery service rate and other contemporaneous tariff changes, provided, however, that Orange and Rockland Utilities, Inc. shall file with the Commission's Secretary, no later than six weeks following August 1, 2008, proof that a notice to the public of the changes proposed by the amendments and their

effective date has been published once a week for four successive weeks in newspapers having general circulation in Orange and Rockland Utilities, Inc.'s electric service territory. The requirements of Public Service Law §66(12)(b) are not waived with respect to the rate year two and three delivery service revenue increases and associated rate changes.

9. Orange and Rockland Utilities, Inc. is directed to file, within 60 calendar days of this order's issuance, a plan to implement an expansion of its mandatory day-ahead hourly pricing to customers with demands in excess of 500 kW in two of twelve months. The filing shall be consistent with the discussion above and be served contemporaneously on all active parties.

10. This proceeding is continued.

By the Commission,

(SIGNED) JACLYN A. BRILLING
Secretary

# STATE OF NEW YORK
# PUBLIC SERVICE COMMISSION

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Case 07-E-0949 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service

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## JOINT PROPOSAL

Dated: April 18, 2008
Pearl River, New York

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State Of New York
Public Service Commission

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Case 07-E-0949 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service

**JOINT PROPOSAL**

THIS JOINT PROPOSAL ("Proposal") is made as of the 18th day of April 2008, by and among Orange and Rockland Utilities, Inc. ("Orange and Rockland" or the "Company"), Staff of the New York State Department of Public Service ("Staff"), Town of Ramapo ("Ramapo"), Small Customer Marketers Coalition ("SCMC"), and Retail Energy Supply Association ("RESA")[1], (collectively referred to herein as the "Signatory Parties"), and provides a proposed regulatory regime for the electric business of Orange and Rockland.

## I. INTRODUCTION

The Proposal sets forth the terms of an electric rate plan for the period July 1, 2008 through June 30, 2011 ("Electric Rate Plan"). It prescribes agreed-upon rate levels and addresses operational and accounting matters for the term of the Electric Rate Plan, as well as various other rate design and revenue allocation issues. The Electric Rate Plan is designed to support the continued reliability, safety, and security of the Company's electric system.

Among other things, the Electric Rate Plan reflects a revenue requirement based on the adoption of the electric sales and revenue forecast agreed to by the Signatory Parties, provides

[1] SCMC and RESA support all aspects of the Proposal except for its treatment of the issue of the expansion of mandatory hourly pricing.

for the implementation of a revenue decoupling mechanism ("RDM"), reconciliation of capital expenditures, and the continuation of a low-income program. The Electric Rate Plan also provides for explicit revenue adjustments to Orange and Rockland related to customer service and service reliability performance measures, and provides for start-up funding of energy efficiency programs to be adopted by the Public Service Commission ("Commission").

## II. PROCEDURAL BACKGROUND

On August 10, 2007, the Company filed with the Commission a proposal to increase the charges for electric service and make other changes to its Schedule for Electricity Service, P.S.C. No. 2 - Electricity. Under the Company's initial filing, these changes were to become effective September 9, 2007. The rates contained in these amendments were designed to produce a revenue increase of $47.8 million or an average increase of approximately 7.8 percent, including projected supply costs and gross receipts taxes, based on the estimated level of sales for the rate year, i.e., the twelve months ending June 30, 2009.

The Company also presented a three-year rate proposal as an alternative to a one-year rate plan. Under the Company's proposal, the rates for the first rate year would be the base from which projections are made for the second and third rate years of the three-year plan. These projections resulted in the Company seeking increases in the second and third rate years of $10.0 million and $5.1 million, respectively.

By orders dated August 27, 2007, and December 20, 2007, the Commission suspended the proposed electric rates first through January 6, 2008, and subsequently through July 6, 2008.

By notice dated September 11, 2007, a Procedural Conference was held on October 11, 2007, before Administrative Law Judge Gerald Lynch to discuss procedures for the case and a case schedule. On November 15, 2007, Judge Lynch issued his Ruling Adopting Litigation Schedule and Memorializing Other Procedural Requirements ("Scheduling Ruling").

The Company provided Staff and other parties with a preliminary update to the proposed revenue requirement on November 15, 2007. The update showed that the Company planned to reduce its proposed increase in revenue requirement by approximately $4.1 million, from $47.8 million to $43.7 million. This decrease accounted, in part, for changes resulting from the Commission's Order issued October 18, 2007 in Case 06-E-1433.[2]

On December 19, 2007, Staff filed its direct testimony, plus numerous supporting exhibits, in response to the Company's electric rate filing. No other party filed direct testimony. On January 11, 2007, the Company filed its update/rebuttal testimony. No other party filed update and/or rebuttal testimony.

Pursuant to the Scheduling Ruling, exploratory discussions were held on January 17, 2008 among the parties at the Commission's offices in Albany, New York.

Evidentiary Hearings were conducted on two days, i.e., February 5 and 6, 2008. Judge Lynch presided over the hearings. In addition to the Company, the following parties entered appearances during the course of the hearings: Staff, the Consumer Protection Board ("CPB"), Ramapo, and Rockland County. Six Company witnesses and eight Staff witnesses were made available for cross-examination.

In accordance with the Commission's rules and regulations (16 NYCRR § 3.9), the Company notified all parties to this proceeding of the pendancy of settlement negotiations, prior to the commencement of negotiations, by e-mail and letter dated February 13, 2008. Notice of

[2] Case 06-E-1433, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service, Case 06-E-1547, Petition of Orange and Rockland Utilities, Inc. Regarding Disposition of Property Tax Benefits from the Towns of Haverstraw and Orangetown, Order Setting Permanent Rates, Reconciling Overpayments During Temporary Rate Period, and Establishing Disposition of Property Tax Refunds (issued October 18, 2007) ("Temporary Rates Order").

the impending negotiations was also duly filed with the Secretary of the Commission by letter dated February 13, 2008. Negotiations among the parties commenced on February 21, 2008. Additional settlement conferences were held on March 5, March 12, and March 25, 2008. Orange and Rockland, Staff, CPB, SCMC, Rockland County, Mirant New York, LLC, Strategic Energy, LLC, and Ramapo participated in all or some of the settlement conferences, in person or via teleconference.

## III. ELECTRIC RATE PLAN

1. Rate Plan

The Electric Rate Plan covers the period from July 1, 2008 to June 30, 2011. The first rate year covers the twelve-month period ending June 30, 2009 ("First Rate Year" or "RY1"), the second rate year covers the twelve-month period ending June 30, 2010 ("Second Rate Year" or "RY2"), and the third rate year covers the twelve-month period ending June 30, 2011 ("Third Rate Year" or "RY3"). Appendix A sets forth a summary of the Company's electric revenue requirement. The Electric Rate Plan allows Orange and Rockland the following base rate revenue increases:

| | |
|---|---|
| First Rate Year | $23,287,000 |
| Second Rate Year | $9,526,000 |
| Third Rate Year | $4,057,000 |

The Electric Rate Plan provides for the phasing in of the RY1 rate increase as follows:

First Rate Year $15,591,000[3]

Second Rate Year $15,591,000

Third Rate Year $5,688,000 (in addition to a one-time collection of $9,903,000 through the Energy Cost Adjustment ("ECA") as discussed below)

[3] This number is adjusted for rate design purposes as set forth in Section 3 D.

The increases to be implemented and maintained in each rate year (i.e., permanently and cumulatively) under the recommended phase-in alternative reflect, in part, the application of interest at the Other Customer Capital rate on the rate increase that would have been collected absent the phase-in of the RY1 rate increase. The Company's pension and Other Post Employment Benefits ("OPEB") annual rate allowances were adjusted to bring the calculated revenue requirements in line with the phased-in revenue requirement (see Appendix G) on an earnings neutral basis. The proposed increases for RY2 and RY3 will be implemented on or before the first day of each rate year.

The Signatory Parties recognize that phasing in the RY1 increase over three years would produce higher base revenues for the Company at the end of RY3 than if the revenues were not phased in. In order to provide that revenues at the end of RY3 are not higher than they would have been if the rate increase was not phased in, $5,688,000 of the RY3 phased in rate increase will be included in base rates and $9,903,000 of the RY3 increase will be collected via a temporary surcharge through the ECA. This ECA surcharge will expire at the end of RY3.

Although the Signatory Parties agree that new rates should become effective July 1, 2008, because of administrative reasons, new rates will not become effective until August 1, 2008. For those customers subject to the RDM, the Company will be made whole for the revenue shortfall, if any, for July 2008 (i.e., the difference between the Company's actual revenues and the RDM targets) through the RDM true-up mechanism applicable to the cost month of July 2008. The true-up amount will be based on the class-specific revenue targets for that month. The July 2008 revenue shortfall, if any, will be recovered over 10 months (i.e., September 2008 through June 2009) through class-specific RDM adjustment factors.

For those customers not subject to the RDM, the Company will be made whole for the revenue shortfall for July 2008 (i.e., the difference between the forecast sales revenues included in the Company's revenue requirement calculation that would have been billed at new rates during July 2008, as compared to the same level of sales revenues at current rates). The July 2008 revenue shortfall will be recovered over 10 months (i.e., September 2008-June 2009) through separate class-specific cents per kWh charges.

The Company will file, no later than August 22, 2008, the statements necessary to effect recovery of the July 2008 shortfall, if any, to become effective on September 1, 2008.

Except as provided pursuant to Section 24 of the Proposal, Orange and Rockland will not file for a base rate increase to become effective prior to July 1, 2011.

2. Sales Forecasts

The Signatory Parties agree to a sales forecast for RY1, RY2, and RY3. Annual sales are forecast to grow at rates of 1.3%, 1.7% and 1.7%, respectively, in the three rate years. The sales volumes for each of these rate years are set forth in Appendix B. Total customers are forecast to grow at an average annual rate of 0.8% over this same period.

3. Rate Design & Unbundling

Orange and Rockland will implement the following rate design and unbundling changes:

A. Merchant Function Charges

Separate merchant function charges ("MFCs") will be established for the following service classification groups:

1. Service Classification ("SC") 1 and 19
2. SC 2, 20, 4, 5 and 16; and
3. SC 3, 9, 21, 22 and 25.

These MFCs will be applicable only to full service customers and will be used to recover costs associated with commodity-related competitive services. The MFCs applicable to full service customers will include the following:

- Commodity procurement, including purchased power working capital, and commodity revenue-based allocations of:
  - Information resources; and
  - Education and outreach;
- Credit and collections; and
- Uncollectibles – the uncollectibles percentage will be applied to the Market Supply Charge ("MSC"), including the MSC Adjustment. The uncollectibles percentage will be reset annually effective November 1 based on the Company's actual uncollectibles experience applicable to all electric and gas purchase of receivables ("POR")-eligible customers for the thirty-six month period ended the previous June 30. The uncollectibles percentage applicable for the period July 1, 2008 through October 31, 2008 will be based on the Company's actual uncollectibles experience applicable to all electric and gas POR-eligible customers for the thirty-six month period ended the previous June 30, 2007.

The MFC fixed components (commodity procurement and credit and collections) for RY1 will be set as follows (cents per kWh):

| Service Classification | Commodity Procurement | Credit and Collections | Total |
|---|---|---|---|
| Rate Year 1 | | | |
| SC 1 and 19 | 0.210 | 0.103 | 0.313 |
| SC 2, 20, 4, 5 and 16 | 0.107 | 0.041 | 0.148 |
| SC 3, 9, 21, 22 and 25 | 0.063 | 0.015 | 0.078 |

The MFC fixed components will be subject to a full true up on an annual basis. Each year, all revenues associated with the MFC fixed components will be compared to the MFC fixed component recovery targets and any excess/shortfall will be recovered in the subsequent year's Transition Adjustment for Competitive Services.

B. Billing and Payment Processing

An unbundled charge of $1.02 will be established for billing and payment processing and will be applicable to both the Company’s electric and gas customers. This charge will be assessed on all full service customers and all retail access customers electing the Two Separate Bills option under General Information Section No. 7 of the Company’s electric tariff. The billing and payment processing charge will not apply to retail access bills in which either electric or gas service is billed by the Company under the Utility Single Bill billing option.

The Company will make a gas tariff filing with the Commission, to become effective upon the commencement of Rate Year 1, which sets forth gas tariff changes necessary to implement the billing and payment processing charge specified above.[4] This change will be calculated in a manner intended to be revenue neutral to the Company's gas operations and is intended to require no changes in gas rates other than the change in the billing and payment processing charge.

C. Metering Charges

The current metering backout credits included in General Information Section No. 7.C.(4)(c) of the Company's electric tariff represent the costs of competitive metering services included in the Company's current delivery rates. To determine class-specific metering charges

[4] This filing is consistent with Section 8.B. of the Joint Proposal approved by the Commission in its Order Establishing Rates and Terms of Three Year Rate Plan, issued October 20, 2006 in Case No. 05-G-1494, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Gas Service .

for each rate year, these metering costs are increased by the same class-specific percentages as delivery rates for each rate year.

D. <u>Delivery Rate Changes</u>

<u>Rate Year 1</u>

The levelized Rate Year 1 revenue requirement of $15,591,000 was then adjusted to remove the amounts included for New York State Gross Receipts and Franchise Tax surcharge revenues, Municipal Tax surcharge revenues and Metropolitan Transportation Authority Business Tax Surcharge revenues. These tax-related revenues total $148,115. Further adjustments were made to subtract (a) $447,700 representing the amount associated with purchased power working capital; (b) $312,442 representing an increase in revenue associated with an increase in the Billing and Payment Processing Charge applicable to gas customers and the Billing Cost applicable to energy services companies ("ESCOs"); and (c) $1,073,000 associated with commodity-related uncollectibles. The Rate Year 1 delivery revenue requirement was then increased by $1,620,000 to reflect the roll-in from the ECA to base rates of the revenue requirement associated with the Middletown Tap. The result is a net delivery revenue increase of $15,229,743.

Next, delivery revenues at the current rate level for each SC were realigned to reflect one third of the deficiency and surplus indications from the embedded cost of service ("ECOS") study. The ECOS study used for rate design purposes was prepared using the alternative methodology presented by the Company in the rebuttal testimony of Company witness Nihill. Under this methodology, a portion of transformer costs are classified as being customer-related and the minimum-size calculation for overhead line transformers was developed using sizes up to and including 15 kVA. This ECOS study also reflects Staff's proposal to use underground transformers up to and including 25 kVA in the development of the customer-related component.

The net delivery revenue increase was then allocated among the SCs in proportion to the relative contribution made by each SC to the realigned total delivery revenues. A mitigation adjustment was then made, on an overall revenue neutral basis, to limit the delivery increase percentage to any customer class to not more than 1.5 times or less than 0.5 times the overall delivery increase percentage for all classes. Classes having deficiencies which were mitigated in this manner are SC 3, General Primary Service, SC 4, Public Street Lighting, SC 5, Traffic Signal Lighting, and SC 16, Private Area Lighting.

A determination was then made of the portion of the delivery rate increase attributable to the competitive supply-related and credit and collections-related components of the new merchant function charge, the credit and collections-related component of the POR discount, the competitive metering charges and the billing and payment processing charge.

Rate Year 1 revenues associated with each of these competitive service charges were determined by service classification. Total Rate Year 1 competitive service charge revenues are as follows:

| | |
|---|---|
| Merchant Function Charge Supply Related Component (excluding purchased power working capital) | $3,100,403 |
| Merchant Function Charge Credit and Collections Related Component | $1,549,190 |
| POR Discount Credit and Collections Related Component | $972,814 |
| Metering Charges | $2,871,824 |
| Billing and Payment Processing (applicable to electric customers) | $1,246,762 |
| Total | $9,740,993 |

Competitive service charge revenues were then deducted from the SC-specific net delivery revenue requirements determined previously to compute the "non-competitive delivery revenue increase" for each SC. Rate Year 1 non-competitive delivery revenue increases by SC were then restated on the basis of the twelve months ended March 31, 2007, i.e., the historical period for which detailed billing data are available.

Revenue ratios were developed for each class by dividing the historical period delivery revenues for each class by the Rate Year 1 delivery revenues for each class at current rate levels. These revenue ratios for each class were applied to the Rate Year 1 "non-competitive delivery revenue increase" for each class to determine each class's "non-competitive delivery revenue increase" for the historical period.

Each class-specific non-competitive delivery revenue increase, determined as set forth above, was divided by the total of the customer charge, usage charge, and where applicable, demand charge revenues, at current rate levels, to establish average class-specific percentages by which non-competitive delivery rates are to be increased.

For SC 1, 19, 3, 9, 21 and 22, the customer charge was increased by twice the class-specific average percentage increase. Revenue increases attributable to these increases in customer charges were then subtracted from each class-specific non-competitive delivery revenue increase. For SC 1 and 19, the remaining class-specific non-competitive delivery revenue increase was applied to the per kWh usage charges on an equal percentage basis. For SC 3, 9, 21 and 22, demand charges were increased by the class-specific average percentage increase. The remaining class-specific non-competitive delivery revenue increase, after subtracting revenue increases attributable to increases in customer charges and demand charges, was applied to the per kWh usage charges on an equal percentage basis.

For SC 2 and 20, there is no increase in customer charges. While these classes receive an overall increase in delivery revenues, the portion of their delivery revenues from which their customer charges are derived (the non-competitive delivery revenues) is being decreased. Thus, rather than applying a decrease, these customer charges will remain at current levels. A separate reduced customer charge has been established for the unmetered service subclass under SC 2 reflecting customer costs for this subclass. The non-competitive delivery revenue decrease for SC 2 is applied on an equal percentage basis to demand and usage charges. For SC 20, the demand charges were decreased by the class-specific average percentage decrease. The remaining non-competitive delivery revenue decrease applicable to SC 20, after subtracting the revenue decrease attributable to decreases in demand charges, was applied to the per kWh usage charges on an equal percentage basis.

Each charge in SC 4, 5 and the SC 16 dusk to dawn subclass was increased by their respective class-specific average percentage increases. For the SC 16 energy only subclass, the customer charge for metered service was increased by the average percentage delivery revenue increase for the subclass. The customer charge for unmetered service was set equal to the SC 2 customer charge for unmetered service. The remaining revenue increase applicable to this subclass, after subtracting revenue increases attributable to increases in customer charges, was applied to the per kWh usage charges on an equal percentage basis.

For SC 25, standby service, the charges in the Rate 1, Rate 2 and Rate 3 subclasses, in which there are currently no customers, were increased by the non-competitive delivery revenue increases of their otherwise applicable non-standby SCs. For SC 25 Rate 4, the non-competitive delivery revenue increase, allocated as described above, was applied to delivery charges on an equal percentage basis.

Customer charges and contract demand charges under SC 15 were increased by the delivery increase percentage for all classes.

Rate Years 2 and 3

After allocating the delivery revenue increases for RY2 and RY3 in a manner similar to that described above for RY1, revenue increases were applied to the various SCs as follows:

For SC 1, 2, 19, 20, 3, 9, 21 and 22, the customer charge was increased by twice the class-specific average percentage increase. Revenue increases attributable to these increases in customer charges were then subtracted from each class-specific non-competitive delivery revenue increase. For SC 1 and 19, the remaining class-specific non-competitive delivery revenue increase was applied to the per kWh usage charges on an equal percentage basis. For SC 2, 3, 9, 20, 21 and 22, demand charges were increased by the class-specific average percentage increase. The remaining class-specific non-competitive delivery revenue increase, after subtracting revenue increases attributable to increases in customer charges and demand charges, was applied to the per kWh usage charges on an equal percentage basis. No changes were made to the customer charge for the unmetered service subclass under SC2.

Each charge in SC 4, 5 and the SC 16 dusk to dawn subclass was increased by their respective class-specific average percentage increases. For the SC 16 energy only subclass, the customer charge for metered service was increased by the average percentage delivery revenue increase for the subclass. The customer charge for unmetered service was set equal to the SC 2 customer charge for unmetered service. The remaining revenue increase applicable to this subclass, after subtracting revenue increases attributable to increases in customer charges, was applied to the per kWh usage charges on an equal percentage basis.

For SC 25, standby service, the charges in the Rate 1, Rate 2 and Rate 3 subclasses, in which there are currently no customers, were increased by the non-competitive delivery revenue increases of their otherwise applicable non-standby SCs. For SC 25 Rate 4, the non-competitive delivery revenue increase, allocated as described above, was applied to delivery charges on an equal percentage basis.

Customer charges and contract demand charges under SC 15 were increased by the delivery increase percentage for all classes.

In RY3, $9,903,000 of the increase will be collected on a cents per kWh basis via class-specific temporary surcharges included in the ECA. The revenue impacts of the RY1 rate design changes on customers are summarized in Appendix C to the Proposal.

The Company will file tariff revisions implementing the rate changes for RY1 as directed by the Commission upon its issuance of an Order establishing the terms of a three-year rate plan. By June 1, 2009 and 2010, the Company will file tariff revisions implementing the rate changes for RY2 and RY3, respectively.

E. <u>POR Discount</u>

The POR discount will include the following items:

- Uncollectibles;
- Credit and Collections Costs; and
- Risk factor.

The uncollectible component of the POR discount will be reset annually effective November 1 based on the Company's actual uncollectibles experience applicable to all gas and electric POR-eligible customers for the thirty-six month period ended the previous June 30. The uncollectible component applicable for the period July 1, 2008 through October 31, 2008 will be based on the Company's actual uncollectibles experience applicable to all electric and gas POR-eligible customers for the thirty-six month period ended the previous June 30, 2007. The credit and collections component of the POR discount will be determined by dividing the Company’s credit and collection expenses attributable to retail access customers whose ESCOs participate in the Company’s POR program by estimated electric supply costs to be billed on ESCOs’ behalf. The credit and collections expense is $972,814 for RY1. The percentage for credit and collections to be included in the POR discount will be determined prior to the commencement of each Rate Year based on the expense levels shown above and the Company’s then-current forecast of commodity costs to be billed on behalf of ESCOs through the POR program. The risk factor will be reset annually and will be equal to 20% of the uncollectible rate. Provision for the POR discount will be added to General Information Section No. 7 of the Company’s electric tariff.

F. <u>Transition Adjustment for Competitive Services</u>

A Transition Adjustment for Competitive Services ("TACS") will be assessed on a cents per kWh basis on the bills of all customers. The TACS will be reset annually effective July 1. The TACS will be determined by dividing the sum of MFC Fixed Component Lost Revenue, Billing and Payment Processing Lost Revenue, Metering Lost Revenue, Credit and Collections Lost Revenue Associated with Retail Access and prior period reconciliation by the forecasted kWh deliveries to all customers for the twelve-month period for which the TACS is to be effective.[5] The TACS will be displayed as a separate line item on customers’ bills.

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[5] Any lost revenue recovery by the Company will comply with the Commission’s Statement of Policy on Unbundling and Order Directing Tariff Filings, issued August 25, 2004 in Case 00-M-0504, *Proceeding on Motion of the Commission Regarding Provider of Last Resort Responsibilities, the Role of Utilities in Competitive Energy Markets, and Fostering the Development of Retail Competitive Opportunities – Unbundling Track.*

- MFC Fixed Component Lost Revenue

  MFC Fixed Component Lost Revenue will be equal to the target level of MFC costs attributable to the (a) commodity procurement, information resources, education and outreach and purchased power working capital; and (b) credit and collections portions of the MFC ("MFC Fixed Components") minus revenues received through the MFC Fixed Components.

- Billing and Payment Processing Lost Revenue

  Billing and Payment Processing Lost Revenue will be equal to the total of billing and payment processing charges avoided by retail access customers less billing service charges assessed on ESCOs participating in the Company's Electric Retail Access Program and electing the Utility Single Bill Option, less the Company's avoided costs associated with ESCOs participating in the Company's Electric Retail Access Program and electing the ESCO Single Bill Option.

- Metering Lost Revenue

  Metering lost revenue will be equal to the total of metering service charges (i.e., the total of meter ownership charges, meter service provider charges, and meter data service provider charges), avoided by customers taking competitive metering services, less the Company's avoided costs associated with customers taking competitive metering services.

- Credit and Collections Lost Revenue Associated with Retail Access

  Credit and Collections Lost Revenue Associated with Retail Access will be equal to the target level of credit and collections costs reflected in the POR discount rate minus revenues received through the credit and collections component of the POR discount.

- Prior Period Reconciliation

  The prior period reconciliation represents the difference between the amount to be recovered through the TACS and the actual amount recovered through the TACS.  Any under-recovery or over-recovery resulting from such reconciliation, plus interest (calculated at the Other Customer Capital Rate), will be included in the subsequent year's TACS.

The amount to be recovered from or credited to customers through the TACS will be equal to the sum of the MFC Fixed Component Lost Revenue, Billing and Payment Processing Lost Revenue, Metering Lost Revenue, Credit and Collections Lost Revenue Associated with Retail Access, and the Prior Period Reconciliation.  Half of the amount to be recovered from or credited to customers through the TACS will be assigned to Full Service Customers; the balance will be assigned to both Full Service Customers and Retail Access Customers.  The amounts to be collected from or credited to customers will be divided by the estimated total annual kWh deliveries, to which the TACS will be applied, to determine the per kWh TACS, expressed to the nearest 0.001 cent per kWh.  If the above calculation results in a TACS of less than 0.001 cent per kWh, the total amount to be recovered from or refunded to customers will be deferred, with interest, for later recovery or refund through application to customers' bills in a subsequently determined TACS.

Each TACS will be in effect for a twelve-month period; provided, however, that the Company may adjust the TACS for the remaining months of a twelve-month period on not less than fifteen days' notice if the total deferred debit or credit amount exceeds $1 million.  The first annual period will commence July 1, 2009, based on a calculation of TACS charges/credits for the twelve months ending June 30, 2009.

4. Service Fees

A. Reconnection Charges

The Company's reconnection charges, currently $9.00 during normal business hours (i.e., 8:00 am to 4:00 pm, Monday through Friday, excluding holidays) and $21.00 when the customer requests a reconnection at a time other than normal business hours, will be revised as follows.

For reconnections at the customer's meter, the reconnection charge will be $27.00 during normal business hours and $41.00 during other than normal business hours.

For reconnections at the street, the reconnection charge will be $169.00 during normal business hours and $253.00 during other than normal business hours. Reconnection charges that would be applicable when service is reconnected at the street, will not be assessed on customers taking service under residential service classifications.

B. Reinspection Fees

An initial inspection for compliance with Company specifications will continue to be performed at no cost to the applicant. A reinspection fee will apply if, due to violation(s) of Company or applicable code requirements, the Company is unable to approve the electric service and must return at a later date. Reinspection fees will be set as follows:

- Installations at less than 600 Volts - $51.00; and
- Installations at 600 Volts or Greater - $120.00.

Payment of the reinspection fee must be made prior to the Company's reinspection of the service.

C. Collections Charge

If, after notice of discontinuance of service for non-payment, a customer has failed to pay the amount due within the time specified in the notice and a Company employee visits the customer's premises to collect payment or disconnect service, a $27.00 collection charge will be assessed. The collection charge is not applicable to customers taking service under residential service classifications.

D. Charge to Suspend Service at Request of an ESCO

The Company's charge to suspend service at the request of an ESCO, currently $19.00, will be increased to $27.00.

E. Charge to Calculate a Bundled Bill

The Company's Charge to Calculate a Bundled Bill will remain at $3.75 for each residential account for which an ESCO requests the Company to perform the bill calculation.

5. Energy Cost Adjustment

The provision for recovery of above-market costs associated with non-utility generators ("NUGs") will be removed from the ECA. All costs associated with power purchases from NUGs will be recovered through the MSC. A provision for recovery of NUG buyout costs will be added to the ECA to recover costs associated with the buyout of the Company's last significant above-market NUG contract, as approved by the Commission in Case No. 06-M-0002. The Company will file a revised ECA statement which removes recovery of the Middletown Tap from the ECA.

The Company also will remove the load pocket cost recovery provision from the ECA. An amount of $1,620,000 representing the revenue requirement associated with the Middletown Tap, a system improvement that eliminated the Company's Western Load Pocket, will be rolled into base delivery rates.

6. Other Tariff Changes

A. Competitive Transition Charge

The competitive transition charge will be removed from the Company's electric tariff.

B. Budget Billing Program

The Company's budget billing tariff provision will be amended to reflect the Company's ability to establish a customer-specific Budget Year beginning with the billing month in which the customer initially enrolls in budget billing.

C. Lighting Service Classifications

The Company's lighting service classifications, SC4 and SC16 will be amended as follows:

- SC4 will be amended to specify that final approval of light fixture locations is at the Company's sole discretion.
- SC4 and SC16 will be amended to eliminate references to laminated wood and aluminum poles for use on underground electric systems.
- SC4 and SC16 will be amended to eliminate mercury vapor luminaires from the lists of available luminaires. This is necessary due to a requirement of the Energy Policy Act of 2005. Although mercury vapor luminaires will no longer be installed, existing installations will be grandfathered until such time that a luminaire fails and must then be replaced with a then-currently available luminaire.
- The energy only service provision under SC16 will be amended to clarify that the provision of unmetered service is not at the customer's sole option, but that the customer may request unmetered service for installations controlled by devices of a type approved by the Company. A statement also will be added indicating the Company's right at any time to meter service previously supplied on an unmetered basis.

D. Definitions

The definitions “Full Service Customer” and “Retail Access Customer” will be added to General Information Section No. 2 of the Company’s electric tariff.

7. Bill Format

The Company will implement the bill format provided in Appendix D. The Company will place on the Company’s website information relating to the most recent “price to compare”, as well as information on how the current “price to compare” can be obtained. The Company also will include such information on customers’ bills on a quarterly basis commencing in January 2009. In addition, the Company agrees to work with Staff’s Bill Format Team on further revisions after the initial migration to the new bill format. In particular, the Company agrees to work with Staff’s Bill Format Team to explore the appropriateness of adjusting the Government Surcharges labels. The agreed-upon discussion will commence within 60 days of the date of the Commission’s issuance of an Order establishing the terms of a three-year rate plan. The Company agrees to implement all agreed-upon changes by January 2009.

8. ESCO Referral Report

The Company will evaluate the feasibility of expanding its existing ESCO referral program so as to include new customers who contact the Company for service. The Company will file a report evaluating the disadvantages and advantages of such expansion with the parties in this proceeding, within six months of the date of the Commission's order adopting the terms of the Proposal. This report will identify any specific issues, including the Company's recovery of associated incremental projected costs, which will need to be resolved in order to implement such an expansion.

The results of any Commission order regarding the status, structure, operation or rules concerning ESCO referral programs, as applicable, will be applied prospectively to the

Company's PowerSwitch program; provided, however, that unless the Commission order expressly provides otherwise, the Company will not be required to make any change to its PowerSwitch program that would cause the Company to incur any additional incremental costs unless those costs are recoverable from the ESCOs or may be deferred to the Company's next base rate proceeding.

9. Market Supply Charge

Within 90 days of the date of the Commission's order adopting the terms of the Proposal, the Company will file a study with Staff evaluating the advantages and disadvantages of revising its MSC so that it reflects the actual NYISO day-ahead market prices that were in effect during each customer's billing period ("Revised MSC"). This study will identify any specific issues, including the Company's recovery of associated incremental projected costs, which will need to be resolved in order to implement a Revised MSC, as well as a proposed schedule for implementing a Revised MSC.

10. Revenue Decoupling Mechanism ("RDM")

The Company will implement an RDM, as set forth in Appendix E, effective July 1, 2008. The RDM would continue thereafter until modified by the Commission.

11. Earnings Sharing

Following each of RYs 1, 2, and 3, the Company will compute its electric rate of return on common equity capital for the preceding Rate Year. The Company will provide Staff the computations of earnings by no later than September 1 after the end of each Rate Year covered by the Electric Rate Plan.

On an annual basis (i.e., RY1, RY2, and RY3), the Company will defer any earnings (as adjusted as set forth below) in excess of 10.2% return on common equity capital ("Earnings

Sharing Threshold")[6]. Earnings sharing between the Company and its customers will be calculated on a cumulative basis for Rate Years 1, 2, and 3. If the level of earned common equity return during Rate Years 1, 2, and 3 exceeds 10.2%, calculated as set forth below, the amount in excess of 10.2% will be deemed "shared earnings" for the purposes of the Proposal, and one-half of the revenue requirement of any shared earnings between 10.2% and 11.2% will be allocated for the benefit of customers and the remaining one-half of the revenue requirement of any shared earnings will be allocated to the Company; 75% of the revenue requirement of any shared earnings in excess of 11.2% will be allocated for the benefit of customers and the remaining 25% of the revenue requirement of any shared earnings will be allocated to the Company.

The customers' allocated share of deferred shared earnings will be applied to reduce deferred pension and/or OPEB costs, and/or offset against other deferred debits on the Company's books, including the costs and incentives relating to any energy efficiency plan implemented by the Company, as directed by the Commission. The Company's allocated share of deferred shared earnings will be subject to the provisions of Section 12 K, Limitations on Deferrals, set forth below.

Orange and Rockland will not be entitled by this provision to recover from customers any amounts by which aggregate earnings in RY1, RY2, and RY3, as adjusted, fall below 10.2%.

For purposes of determining whether the Company has earned in excess of the Earnings Sharing Threshold, the calculation of the actual return on common equity capital allocated to New York jurisdictional electric utility operations will be on a per books basis, adjusted as follows:

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[6] In calculating the total shared earnings, if in any Rate Year the level of earned common equity return is less than the Earnings Sharing Threshold, any such shortfall will be deducted from the shared earnings earned by the Company in other Rate Years.

a. Officer restricted stock payments, any earned reward or penalty related to property tax refunds, or other incentive mechanisms made effective during the term of the Electric Rate Plan pursuant to an Order of the Commission, will be excluded from the calculation.

b. Such earnings computations will reflect the lesser of (i) an equity ratio equal to 50.0 percent or (ii) the Company's actual average common equity ratio to the extent that it is less than 50.0 percent of its ratemaking capital structure. The actual common equity ratio will exclude all components related to "other comprehensive income" that may be required by generally accepted accounting principles ("GAAP"); such charges are recognized for financial accounting reporting purposes but are not recognized or realized for ratemaking purposes.

12. Reconciliations

The Company will reconcile the following costs to the levels provided in rates, as set forth in Appendices F, G and J. The reconciliations in RY1, RY2, and RY3 will be deferred over the three-year period of the Electric Rate Plan.[7]

A. Transmission and Distribution Capital Expenditures

During the term of the Electric Rate Plan, average electric transmission and distribution net plant balances will be reconciled to capital targets as set forth in Appendix F to this Proposal. If at the end of the three year rate plan such average net plant balances are less than the cumulative target amounts identified in Appendix F ("Capital Target"), the Company will defer the revenue requirement impact of any shortfall below the target levels for the benefit of

[7] The following items will continued to be deferred after the three-year term of the Proposal: environmental remediation, pension/OPEBs, research and development, low-income program, asbestos workers' compensation reserve, and deferred income tax 263A and bonus depreciation.

customers. The Signatory Parties agree that Orange and Rockland will have the flexibility during the term of the Electric Rate Plan to substitute, change, and modify the capital projects identified in Appendix F.

The Company will provide Staff and other interested parties with detailed quarterly and annual reports on electric transmission and distribution related capital expenditures. These reports will be in the form set forth in Appendix H.

B. Environmental Remediation

If the level of actual expenditures for site investigation and remediation ("SIR"),[8] including expenditures associated with former manufactured gas plant ("MGP") sites, Superfund sites, and the West Nyack site, allocated to electric operations varies in any Rate Year from the levels provided in rates, which are set forth in Appendix I, such variation will be deferred and recovered from or credited to customers. Deferred environmental remediation balances varying from the level reflected in rate base will accrue a carrying cost at the pre-tax rate of return, as set forth in Appendix I. The deferred balances will be reduced by accruals, insurance recoveries, associated reserves and deferred taxes, and other offsets, if any, obtained by the Company. Orange and Rockland will continue to allocate SIR costs between the Company's electric and gas operations on a 70.75%/29.25% basis.

Within 90 days of the date of the Commission's order adopting the terms of the Proposal, the Company will file a report that will (a) describe the status of each MGP site as of July 1, 2008, (b) outline the projected expenditures at each MGP site that are reflected in the revenue

[8] SIR costs are the costs Orange and Rockland incurs to investigate or remediate the sites, or pay damages (including natural resource damages, with respect to industrial and hazardous waste or contamination spills, discharges, and emissions). The Signatory Parties reserve the right to argue for or against the Company's recovery of such damages in any future rate cases or other proceedings involving the Company. SIR costs are net of insurance reimbursement (if any); provided, however, that while the Company will pursue insurance reimbursement, when available and appropriate, nothing in this Proposal will require the Company to initiate or pursue litigation for purposes of obtaining insurance reimbursement.

requirement for RY1, RY2, and RY3, (c) summarize the investigation and/or remediation activities to be conducted at each MGP site during the following calendar year (i.e., 2009).

By no later than March 31 after the end of each calendar year covered by the Electric Rate Plan, the Company will provide Staff and other interested parties with a report regarding SIR expenditures during the previous calendar year ("SIR Report"). The SIR Report will (a) describe the investigation and remediation activities, and itemize the actual expenses recorded, that occurred at each MGP site during the previous calendar year, and (b) summarize the investigation and/or remediation activities to be conducted at each MGP site during the following calendar year. After the filing of the SIR Report, the Company will respond to interested parties' reasonable questions regarding the SIR Report, as well as the bidding processes and management practices relating to the Company's investigation and remediation activities. The Company will convene a meeting to discuss the SIR Report, if Staff deems such a meeting necessary.

C. Property Taxes

If the level of actual expenses recorded for property taxes, excluding the effect of property tax refunds, varies in any Rate Year from the levels provided in rates, which are set forth in Appendix G, 100% of any variations due to tax rate changes will be deferred and recovered from or credited to customers, while 86% of any variation due to assessment changes will be deferred and recovered from or credited to customers. The Company will accrue interest monthly on such deferred amounts at the Other Customer Capital rate until such amounts are fully reflected in rates. Property tax refunds (allocated to electric operations) resulting from the Company's efforts, including credits against future tax payments (intended to return or offset past overcharges or payments determined by the taxing authority to have been in excess of the property tax liability appropriate for Orange and Rockland),[9] will be deferred for future disposition except for an amount equal to fourteen percent of the refund[10] which will be retained by the Company. The fourteen percent retention will apply to all such property tax refunds and/or credits (allocated to electric operations) against future tax payments actually achieved by Orange and Rockland during the term of the Electric Rate Plan.[11]

D. Pensions/OPEBs

Pursuant to the Commission's Pension Policy Statement, the Company will reconcile its actual pensions/OPEB expenses and tax benefits related to the Medicare subsidies to the level allowed in rates as set forth in Appendix G.

E. Research & Development Costs

Pursuant to the Commission's 1978 Technical Release, the Company will reconcile its actual research and development ("R&D") expenses to the level allowed in rates as set forth in Appendix G.

F. Low-Income Program

The Company will reconcile actual payments (credits) to low-income customers to the level allowed in rates as set forth in Appendix G.

G. Asbestos Workers' Compensation Reserve

If the level of actual asbestos claim payments to the Company's former power plant employees varies on a cumulative basis over the term of the Electric Rate Plan from the levels

[9] Outside legal and other incremental costs incurred by the Company in pursuing such property tax refunds will first be deducted from any such refunds and/or credits before any allocation is made to the Company and its customers.
[10] The Company is not relieved of the requirements of 16 NYCRR Part 89 and Public Service Law § 113(2) with respect to any refunds it receives.
[11] However, the Company will retain 14% of any property tax refunds, finalized during the term of the Electric Rate Plan, but actually received after the end of the term of the Electric Rate Plan (e.g., August 1, 2011).

provided in rates, which are set forth in Appendix G, such variation will be deferred and recovered from or credited to customers.

H. Contractor Tree Trimming

The Company will defer for the benefit of customers any cumulative shortfall over the term of the Electric Rate Plan between actual expenditures for the Company's transmission and distribution tree trimming program, including the danger tree programs, and the levels provided in rates, which are set forth in Appendix G.

I. Deferred Income Taxes – 263A and Bonus Depreciation

The Company and the Internal Revenue Service have an open audit issue concerning the Section 263A tax deduction claimed by Orange and Rockland beginning with tax returns filed for 2002 and later years. At issue is the appropriate method(s) to be applied to different classes of plant in order to calculate the Section 263A deduction. Resolution of this matter is pending for all tax years and may result in a disallowance of a portion of the tax deduction claimed by the Company. The Proposal establishes a 263A deferred tax balance that reflects the anticipated outcome of this dispute.

The Federal Economic Stimulus Act of 2008 will allow the Company to depreciate plant assets that are started and completed during the 2008 tax year using "bonus depreciation rates" (i.e., 50% of the eligible plant balances may depreciated within the current tax year). The Company has projected that the net average rate base deduction related to this tax benefit would be \$5.2 million in RY1, \$5.6 million in RY2, and \$5.1 million in RY3.

The Company will defer interest at a rate equivalent to the pre-tax rate of return of 10.69 percent on any difference between the actual deferred Section 263A and tax depreciation (ADR/ACRS/MACRS), including bonus depreciation, deferred tax benefits reflected in rate base (see Appendix G) and the actual tax benefits that result from the Section 263A and ADR/ACRS/MACRS deduction allowed by the Internal Revenue Service. The final Section 263A deduction reflected in rate base will recognize any related partial offset (i.e., higher/lower tax deduction), impacting the ADR/ACRS/MACRS rate base balances.[12]

J. Additional Reconciliation/Deferral Provisions

In addition to the foregoing reconciliation provisions, all other applicable existing reconciliations and/or deferral accounting will continue in effect unless modified or discontinued by the Commission, including but not limited to, FAS 109 taxes, MTA taxes, vacation pay accrual pursuant to FAS 71, carrying charges for the MSC, ECA, and system benefits charge ("SBC") mechanisms. The Company will defer any differences between the Company's actual revenues and authorized revenues, as determined by the Company's RDM and as discussed in Section 10 of the Proposal. In addition, the Company will defer any carrying costs for projects approved or required by the Commission that are incremental to the Company's capital additions, such as Advanced Metering Infrastructure projects, and participation in regulated backstop solutions or generation as the provider of last resort.

Appendix I sets forth the annual amortization of deferred regulatory assets and liabilities included in the annual revenue requirement.

K. Limitations on Deferrals

When calculating the level of earned common equity return for electric that may be subject to sharing pursuant to Section 11 of the Proposal, the Company will make the following adjustments if its earnings exceed the Earnings Sharing Threshold:

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[12] The ADR/ACRS/MACRS rate base balances reflected in rates may change if a higher or lower level of costs is capitalized for tax purposes, as a result of a change in the level of costs deducted under Section 263A.

a. For earnings on common equity above 10.2%, the Company will apply up to 50% of its share of any such earnings to reduce net expenses (debits) deferred for later recovery pursuant to this Section,[13] provided that such reduction in deferrals will not cause the resulting earnings to decrease below a 10.2% return on common equity.

b. For purposes of (a), above, the analysis will be performed on a single Rate Year basis. For example, costs deferred in RY1 will not be considered in the analysis for RY2.

c. This deferral limitation will apply to net debit deferrals for pensions/OPEBs (excluding the phase in described in Section 1 of the Proposal), property taxes, R&D costs and any future applicable legislative, regulatory and related actions pursuant to Section 25 of the Proposal.

13. Major Storm Costs

The Company's annual revenue requirements provide funding for incremental storm costs of $2.2, $2.2 $2.3, respectively, in RY1, RY2, and RY3, incurred for major storms.[14] Cumulatively, the amounts provided for incremental storm costs in the Electric Rate Plan total $6.7 million. To the extent that over the term of the Electric Rate Plan, the Company has incurred cumulative incremental storm damage costs, relating to major storms, in excess of $7.2 million, the Company will defer costs in excess of the $7.2 million. To the extent that over the term of the Electric Rate Plan, the Company has incurred cumulative incremental storm damage

[13] For example, if the Company earns $100 over the 10.2% threshold, $50 will be allocated to customers, $25 will be applied against the Company's deferrals, and $25 will be allocated to the Company's shareholders.
[14] A "major storm" is defined as a period of adverse weather during which service interruptions affect at least 10% of the Company's customers within an operating area and/or results in customers being without electric service for durations of at least 24 hours and exceeds $200,000 in cost.

costs, relating to major storms, less than $6.2 million, the Company will defer any variation less than $6.2 for the benefit of customers. All major storm costs will be subject to Staff review.

14. Inflation Adjustment

If general inflation rates exceed 4.0% ("Inflation Threshold") on average over the course of the Electric Rate Plan and the Company's average electric earnings[15] are less than the authorized return of 9.4% over the three-year term of the Electric Rate Plan, the Company will be allowed to defer inflationary increases above the Inflation Threshold applicable to the expenses set forth in Appendix J ("Inflation Pool"). Although the above-threshold calculation will be performed at the end of each rate year, deferral will be triggered on a cumulative basis over the three-year term of the Electric Rate Plan. That is, actual inflation must exceed 12% over the three-year period covered by the Electric Rate Plan.

The deferral will be based on the lower of the following:

(a) Inflationary increases above the Inflation Threshold, determined using Price Index numbers for Gross Domestic Product ("GDP") published by the U.S. Department of Commerce, Bureau of Economic Analysis ("BEA"),[16] applicable to the Inflation Pool; or

(b) Actual costs incurred by the Company for the expenses, contained in the Inflation Pool, above the Inflation Threshold.

For example, if during RY1, the inflation rate according to the Blue Chip Economic Indicators is 6%, as compared to the actual 5% increase in the expenses contained in the Inflation Pool, the deferral would be equal to 1% (i.e., 5% less the 4% threshold) of the Inflation Pool,

[15] Actual return on common equity capital allocated to the Company's New York jurisdictional electric operations, calculated as set forth in Section 11 of the Proposal.

[16] The estimate of inflation that occurred during the three rate years (ending June 30, 2011) will be calculated using price index numbers available from BEA as of August 1, 2011. Likewise, all individual rate year inflation calculations will be based on available data as of August 1st in the appropriate year.

provided that the Company's earned common equity, as calculated pursuant to Section 11 of the Proposal was less than 9.4%.

15. Pollution Control Debt

The Company has two issues of tax exempt debt (i.e., Series 1994A and Series 1995A) ("Pollution Control Debt") that were used to finance pollution control equipment located at the Lovett Generating Station ("Lovett"). In addition, in 1994 the Company entered into a swap agreement to convert the floating interest rate of the Series 1994A to a fixed rate. Refunding of the Pollution Control Debt, or temporary funding through the use of a bank credit facility, may become necessary or advisable as a result of a Rating Agency downgrade of bonds, insurer, counterparty, or letter of credit provider or by Mirant's retirement of Lovett Plant. In the event the Pollution Control Debt is refunded prior to June 30, 2011, the incremental costs associated with the retirement and refinancing of the Pollution Control Debt will be deferred for future recovery. The settlement of swaps will be trued-up and amortized through the normal maturity date of the applicable bonds (i.e., 2014). In addition, the Company will reconcile its actual interest and swap costs related to the Pollution Control Debt (including the use of a bank credit facility) to the levels reflected in rates as set forth in Appendix K.

16. Lovett Generating Facility Closure

Mirant Lovett, LLC ("Mirant"), the owner and operator of the Lovett Generating Facility ("Lovett") has informed the Company and the Commission that it intends to discontinue operation of Lovett, and that it also may demolish Lovett. In the event that Mirant demolishes all or part of Lovett, the Company will incur costs to relocate its facilities that currently are located at Lovett. To the extent the Company incurs incremental costs associated with the relocation of its facilities located at Lovett, and such costs are not collected from Mirant, the Company will be allowed to defer for future recovery, subject to Staff review, incremental capital expenditures, in an amount not to exceed $1.85 million, and incremental operations and maintenance expenses, in an amount not to exceed $185,000. The Company will apply the full return to these deferred amounts. The Company will defer for future recovery, without carrying charges until the Company's next base rate case, any incremental capital expenditures exceeding $1.85 million. The Company will identify and track, and after the relocation of the Company's facilities is complete, will file a report with Staff that details, the incremental capital expenditures and operations and maintenance expenses for which the Company seeks deferral.

17. Direct Labor/Wages

The Company will phase in the additional employees over three years as described in Appendix L.

18. Common Plant Allocation

During the term of the Electric Rate Plan, common plant costs will be allocated according to the percentages approved by the Commission in Case 99-G-1695 (i.e., 29.25% gas operations, 70.75% electric operations).

19. Customer Service and Reliability Performance Measurements

The Signatory Parties agree that Electric Customer Service and Reliability Performance Mechanism set forth in Appendix M of the Proposal will be in effect and will not be modified during the term of the Electric Rate Plan. At the expiration of the term of the Electric Rate Plan, such Electric Customer Service and Reliability Performance Mechanism will continue until modified or discontinued by the Commission. Any Signatory Party can petition the Commission to modify or discontinue all or any portion of the Electric Customer Service and Reliability Performance Mechanism, so long as any such modification or discontinuance would become effective after the term of the Electric Rate Plan has expired. The Electric Customer Service and Reliability Performance Mechanism will be measured on a calendar year basis.

Accordingly, the results of the performance measurements, as measured during the calendar years 2008, 2009, and 2010, respectively, will be applied to Rate Years 1, 2, and 3, respectively.

The Company will file an annual report by March 1, providing the results of the performance measurements for the preceding year and the Company's calculation of any applicable credits due to customers under the incentive plan.

20. Low-Income Program

As authorized by the Commission in its October 18, 2007 order in Case No. 06-E-1433, the Company modified its electric low income program to (a) increase, from $5.00 to $10.00, the monthly bill credit for electric space heating customers identified as Home Energy Assistance Program ("HEAP") recipients; and (b) expand, from five months per year to twelve months per year, the applicability of the $5.00 monthly bill credit for non-space heating customers who are identified as receiving grants under HEAP. These changes were implemented on December 1, 2007.

The annual revenue requirements include funding for the low-income program as shown on Appendix G.

21. Energy Efficiency Program

The Company will submit an Energy Efficiency Plan, pursuant to Commission order in Case 06-E-1433, in June 2008 based on the results of the Market Potential Study currently being performed. The final outcome of the plan will be determined in the Energy Efficiency Portfolio Standard proceeding (Case 07-M-0548). Concurrent with the Rate Year 1 delivery rate changes, the Company will begin collecting, through a non-bypassable surcharge, an amount of $4 million per year to begin funding its Energy Efficiency Plan.

22. Depreciation

The average service lives, net salvage factors and life tables used in calculating the depreciation reserve and in establishing the revenue requirement are set forth in Appendix N. An excess reserve of the electric portion of common plant (i.e., $11.4 million) will be amortized over a five-year period beginning with RY1.

23. Interest

The Company will record on its books and records of accounts various credits and debits that ultimately will be reflected in the rates to be charges to customers. Unless otherwise specified in the Proposal or by Commission Order, the Company will accrue interest on all such book amounts, net of federal and state income taxes, at the unadjusted customer deposit rate published by the Commission annually and applicable on a calendar year basis.

24. Other Allowed Rate Changes

Notwithstanding the other provisions of the Proposal, the Signatory Parties agree that the following rate changes will be permitted[17] during the Electric Rate Plan, provided that Commission approval is granted prior to the implementation of such changes:

a. A minor change in any individual base rate or rates whose revenue effect is de minimis or essentially offset by associated changes in other base rates, terms or conditions of service -- for example, an increase in a specific base rate charge in one service classification that is offset by a decrease in another base rate charge in the same or in other service classifications. It is understood that, over time, such minor changes are routinely made and that they may continue to be made during the term of the Electric Rate Plan provided they will not result in a change (other

[17] The Signatory Parties agree that any Signatory Party will be allowed to take any position it may wish regarding any such proposed rate change.

than a de minimis change) in the revenues that Orange and Rockland's base electric rates are designed to produce overall before such changes.

b. If a circumstance occurs which, in the judgment of the Commission, so threatens the Company's economic viability or ability to maintain safe and adequate service as to warrant an exception to this undertaking, Orange and Rockland will be permitted to file for an increase in base electric rates at any time under such circumstances.

c. The Signatory Parties recognize that the Commission reserves the authority to act on the level of Orange and Rockland's base electric rates in the event of unforeseen circumstances that, in the Commission's opinion, have such a substantial impact on the range of earnings levels or equity costs envisioned by the Electric Rate Plan as to render Orange and Rockland's base electric rates unreasonable or insufficient for the provision of safe and adequate service at just and reasonable rates.

d. Nothing herein will preclude Orange and Rockland from petitioning the Commission for approval of new services or of rate design or revenue allocation changes on an overall revenue-neutral basis, including, but not limited to, the implementation of new service classifications and/or cancellation of existing service classifications.

25. Legislative, Regulatory and Related Action

a. If the federal government, State of New York, and/or other local governments make changes in their tax laws or regulations (other than local property taxes, which will be reconciled in accordance with Section 12 C of the Proposal) and if the Commission does not permit the disposition, through a surcharge or credit, of any such tax law changes, including any new, additional, repealed or reduced federal, state, or local government taxes, fees or levies, Orange and Rockland will defer the full change in expense and reflect such deferral as credits or debits to customers in the next base rate change, subject to any final Commission determination in a generic proceeding prescribing utility implementation of a specific tax law enactment, including Commission determination of any Company-specific compliance filing made in connection therewith.[18]

b. If amendments or changes to federal and/or state tax laws, including interpretations of the such tax laws by regulations, court decisions or otherwise, not covered by the preceding subparagraph (a), cause Orange and Rockland's income tax liability allocable to electric operations during the period of the Electric Rate Plan to be changed from the tax liability calculated in accordance with currently effective tax laws, Orange and Rockland will defer the full change in tax expense for rate recovery or refund in a manner to be determined by the Commission.

c. If any law, rule, regulation, order, or other requirement or interpretation (or any repeal or amendment of an existing rule, regulation, order or other requirement) mandated by the state, local or federal government or courts, results in a change in Orange and Rockland's annual operating expenses or capital costs not anticipated in the forecasts on which the rates in the Electric Rate Plan are based in an annual

[18] The Company reserves all of its administrative and judicial rights in connection with such generic proceeding(s).

amount of $0.7 million or more per occurrence[19], Orange and Rockland will defer the full effect of any such cost increase, with any such deferrals authorized or required to be reflected in the next base rate change, or in a manner to be determined by the Commission. In the case of any such requirements imposed by the Commission itself, the Company will defer the full revenue requirement effect of the cost increase or decrease.

d. Orange and Rockland will retain the right to petition the Commission for authorization to defer extraordinary costs not otherwise addressed in this Proposal.

e. Except as provided pursuant to Section 24 of the Proposal, Orange and Rockland will not file for a base rate change to become effective before June 30, 2011.

26. Withdrawal of Litigation

Upon the Commission's issuance of an Order establishing rates and terms of a three-year rate plan, consistent with the terms of this Joint Proposal, the Company will promptly withdraw all pending court challenges that the Company has filed to the Commission's actions and orders in Case 06-E-1433.

27. Trade Secret Protections

Nothing in this document prevents the Company from seeking trade secret protection under 16 NYCRR Part 6 for all or any part(s) of any document or report filed (or submitted to

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[19] For purposes of this Proposal, the $0.7 million threshold will be applied on a case-by-case basis and not to the aggregate impact of changes of two or more laws, rules, etc.; provided, however, that these thresholds will be applied on a Rate Year basis to the incremental aggregate impact of all contemporaneous changes (i.e., changes made as a package even if they occur or are implemented over a period of months) affecting a particular subject area and not to the individual provisions of the new law, rule, etc.

Staff) in accordance with the Electric Rate Plan, or prohibits or restricts any other Signatory Party from challenging any such request.

## IV. GENERAL PROVISIONS

28. Continuation of Provisions

The programs and requirements adopted herein, that are not designated to expire by their own terms, will remain in effect until changed by the Commission. At the end of RY3, targets and goals set forth in the Proposal will continue at their RY3 levels unless modified by the Commission. The amortization of expiring credits/debits will cease at the end of RY3.

29. Provisions Not Separable

The Signatory Parties intend the Proposal to be a complete resolution of all the issues in Case 07-E-0949. It is understood that each provision of the Electric Rate Plan set forth in the Proposal is in consideration and support of all the other provisions, and expressly conditioned upon their acceptance by the Commission. If the Commission's Order establishing rates and terms of a three-year rate plan materially alters the terms of the Electric Rate Plan set forth in the Proposal, then the Signatory Parties will be free to pursue their respective positions in this proceeding without prejudice.

30. Provisions Not Precedent

The terms and provisions of the Proposal apply solely to, and are binding only in the context of, the purposes and results of the Proposal. None of the terms and provisions of the Proposal and none of the positions taken herein by any party may be cited or relied upon by any other party in any fashion as precedent in any other proceeding before the Commission, or before any other regulatory agency or any court of law for any purpose other than the furtherance of the purposes, results, and disposition of matters governed by the Proposal.

31. <u>Dispute Resolution</u>

In the event of any disagreement over the interpretation of provisions in the Proposal or the implementation of any of the provisions of the Electric Rate Plan, which cannot be resolved informally by the Signatory Parties, such disagreement will be resolved in the following manner: the Signatory Parties will promptly convene a conference and in good faith will attempt to resolve such disagreement. If any such disagreement cannot be resolved by the Signatory Parties within 30 days, any Signatory Party may petition the Commission for relief on a disputed matter.

32. <u>Submission of Proposal</u>

The Signatory Parties agree to submit the Proposal to the Commission and to individually support and request adoption by the Commission of the Electric Rate Plan set forth in the Proposal in its entirety as set forth herein.

33. <u>Further Assurances</u>

The Signatory Parties recognize that certain provisions of the Proposal require that actions be taken in the future to fully effectuate the Electric Rate Plan. Accordingly, the Signatory Parties agree to cooperate with each other in good faith in taking such actions.

34. Execution

The Proposal is being executed in counterpart originals, and will be binding on each Signatory Party when the counterparts have been executed.

IN WITNESS WHEREOF, the Signatory Parties hereto have affixed their signatures below as evidence of their agreement to be bound by the provisions of the Proposal on the day and year first written above.

______________________________________

Orange and Rockland Utilities, Inc.

(Signatures continued on following page)

Staff of the Department of Public Service

Town of Ramapo

Small Customer Marketers Coalition

Retail Energy Supply Association

**Orange and Rockland Utilities, Inc.**
**Case 07-E-0949**
**Electric Revenue Requirement**
**For Twelve Months Ending June 30, 2009**
**$000's**

| | Rate Year Forecast | Rate Change | Rate Year With Rate Change |
|---|---|---|---|
| Operating Revenues | | | |
| Sales to Public | $ 427,479 | $ 23,287 | $ 450,766 |
| Sales for Resale | 29,259 | | 29,259 |
| Delivery Revenues | 456,738 | 23,287 | 480,025 |
| Other Revenues | 6,896 | | 6,896 |
| Net Operating Revenues | 463,634 | 23,287 | 486,921 |
| Operating Expenses | | | |
| Purchased Power | 254,136 | | 254,136 |
| Deferred Purchased Power | 65 | | 65 |
| Operations & Maintenance Expenses | 131,757 | 109 | 131,866 |
| Depreciation & Amortization Expense | 24,543 | | 24,543 |
| Taxes Other Than Income Taxes & GRT | 25,075 | 221 | 25,296 |
| Total Deductions | 435,576 | 330 | 435,906 |
| Operating Income Before Income Taxes | 28,058 | 22,957 | 51,015 |
| Income Taxes | | | |
| New York State Income Taxes | 765 | 1,630 | 2,395 |
| Federal Income Tax | 2,389 | 7,464 | 9,854 |
| Total Income Taxes | 3,155 | 9,094 | 12,249 |
| Utility Operating Income | $ 24,903 | $ 13,863 | $ 38,766 |
| Electric Rate Base | $ 504,002 | | $ 504,002 |
| Rate of Return | 4.94% | | 7.69% |

**Orange and Rockland Utilities, Inc.**
**Case 07-E-0949**
**Average Electric Rate Base**
**For Twelve Months Ending June 30, 2009**
**$000's**

| | | |
|---|---|---|
| Utility Plant: | | |
| Electric Plant In Service | $793,146 | |
| Electric Plant Held For Future Use | 3,796 | |
| Common Utility Plant (Electric Allocation) | 109,609 | |
| Non-Interest Bearing CWIP | 9,192 | |
| Total Utility Plant | | $ 915,743 |
| | | |
| Utility Plant Reserves: | | |
| Accum. Deprec. (Electric Plant In Service & FU) | (252,467) | |
| Accum. Deprec. (Common Plant allocated to Electric) | (54,036) | |
| Total Utility Plant Reserves | | (306,503) |
| | | |
| Net Utility Plant | | 609,240 |
| | | |
| Rate Base Additions: | | |
| Working Capital | 29,785 | |
| Rate Base Additions | | 29,785 |
| | | |
| Rate Base Deductions: | | |
| Excess Rate Base Over Capitalization | (38,240) | |
| Accrued Pension Liability - Rate base Imputation | (6,403) | |
| Customer Advances for Construction - Net of Tax | (134) | |
| Rate Base Deductions | | (44,777) |
| | | |
| Regulatory Asset / (Liabilities) | | |
| R & D Expenditures - Net of Tax | 184 | |
| Deferred Enviromental Expenditures (MGP) - Net of Tax | 5,947 | |
| Deferred Enviromental Expenditures (West Nyack) - Net of Tax | 187 | |
| Deferred Workers Comp Expense - Net of Tax | 497 | |
| Deferred Property Tax Refunds - Net of Tax | (371) | |
| Regulatory Deferrals | | 6,444 |
| | | |
| Accum. Deferred Income Taxes | | |
| Accum. Deferred FIT - ACRS / ADR | (66,752) | |
| Accum. Deferred FIT - 263(A) Capitalized Overheads | (15,296) | |
| Accum. Deferred FIT - Bonus Depreciation | (5,213) | |
| Accum. Deferred SIT | (8,451) | |
| SIT Benefit - Pre 2000 | 366 | |
| Accum. Deferred MTA | 206 | |
| Accum. Deferred Investment Tax Credits | (1,549) | |
| Accum. Deferred Income Taxes | | (96,689) |
| | | |
| Electric Rate Base | | $ 504,002 |

**Orange and Rockland Utilities, Inc.**
**Case 07-E-0949**
**Capital Structure & Cost of Money**
**For Twelve Months Ending June 30, 2009**

| | Capital Structure | Cost Rate | Cost of Capital | Pre-Tax Cost |
|---|---|---|---|---|
| Long Term Debt | 49.66% | 6.19% | 3.07% | 3.07% |
| Customer Deposits | 1.22% | 3.76% | 0.05% | 0.05% |
| Total Cost of Debt | 50.88% | | 3.12% | 3.12% |
| Preferred Stock | 1.12% | 5.34% | 0.06% | 0.10% |
| Common Equity | 48.00% | 9.40% | 4.51% | 7.47% |
| Total | 100.00% | | 7.69% | 10.69% |

**Orange and Rockland Utilities, Inc.**
**Case 07-E-0949**
**Electric Revenue Requirement**
**For Twelve Months Ending June 30, 2010**
**$000's**

| | Rate Year 1 With Rate Change | Rate Year 2 Rev / Exp Rate Base Changes | Rate Change | Rate Year 2 With Rate Change |
|---|---|---|---|---|
| Operating Revenues | | | | |
| Sales to Public | $ 450,766 | $ (9,677) | $ 9,526 | $ 450,615 |
| Sales for Resale | 29,259 | (960) | | 28,299 |
| Delivery Revenues | 480,025 | (10,637) | 9,526 | 478,914 |
| Other Revenues | 6,896 | 86 | | 6,982 |
| Net Operating Revenues | 486,921 | (10,551) | 9,526 | 485,896 |
| | | | | |
| Operating Expenses | | | | |
| Purchased Power | 254,136 | $ (13,216) | | 240,920 |
| Deferred Purchased Power | 65 | (26) | | 39 |
| Operations & Maintenance Expenses | 131,866 | 2,485 | 45 | 134,396 |
| Depreciation & Amortization Expense | 24,543 | 2,136 | | 26,679 |
| Taxes Other Than Income Taxes & GRT | 25,296 | 273 | 91 | 25,659 |
| Total Deductions | 435,906 | (8,348) | 135 | 427,693 |
| | | | | |
| Operating Income Before Income Taxes | 51,015 | (2,203) | 9,391 | 58,204 |
| | | | | |
| Income Taxes | | | | |
| New York State Income Taxes | 2,395 | (296) | 667 | 2,766 |
| Federal Income Tax | 9,854 | (1,088) | 3,055 | 11,821 |
| Total Income Taxes | 12,249 | (1,384) | 3,722 | 14,588 |
| | | | | |
| Utility Operating Income | $ 38,766 | $ (819) | $ 5,669 | $ 43,616 |
| | | | | |
| Electric Rate Base | $ 504,002 | $ 63,082 | | $ 567,085 |
| | | | | |
| Rate of Return | 7.69% | -1.30% | | 7.69% |

**Orange and Rockland Utilities, Inc.**
**Case 07-E-0949**
**Electric Revenue Requirement**
**For Twelve Months Ending June 30, 2011**
**$000's**

| | Rate Year 2 With Rate Change | Rate Year 3 Rev / Exp Rate Base Changes | Rate Change | Rate Year 3 With Rate Change |
|---|---|---|---|---|
| Operating Revenues | | | | |
| Sales to Public | $ 450,615 | $ (6,336) | $ 4,057 | $ 448,337 |
| Sales for Resale | 28,299 | (1,462) | | 26,837 |
| Delivery Revenues | 478,914 | (7,798) | 4,057 | 475,174 |
| Other Revenues | 6,982 | 88 | | 7,070 |
| Net Operating Revenues | 485,896 | (7,710) | 4,057 | 482,244 |
| | | | | |
| Operating Expenses | | | | |
| Purchased Power | 240,920 | $ (9,808) | | 231,112 |
| Deferred Purchased Power | 39 | 6 | | 45 |
| Operations & Maintenance Expenses | 134,396 | 813 | 19 | 135,228 |
| Depreciation & Amortization Expense | 26,679 | 1,759 | | 28,438 |
| Taxes Other Than Income Taxes & GRT | 25,659 | 297 | 39 | 25,995 |
| Total Deductions | 427,693 | (6,933) | 58 | 420,818 |
| | | | | |
| Operating Income Before Income Taxes | 58,204 | (777) | 4,000 | 61,426 |
| | | | | |
| Income Taxes | | | | |
| New York State Income Taxes | 2,766 | (121) | 284 | 2,930 |
| Federal Income Tax | 11,821 | (507) | 1,301 | 12,614 |
| Total Income Taxes | 14,588 | (628) | 1,585 | 15,544 |
| | | | | |
| Utility Operating Income | $ 43,616 | $ (149) | $ 2,415 | $ 45,882 |
| | | | | |
| Electric Rate Base | $ 567,085 | $ 29,605 | | $ 596,689 |
| | | | | |
| Rate of Return | 7.69% | -0.50% | | 7.69% |

# APPENDIX B



# SALES FORECAST

## Forecast of Sales Volume (MWh)

**Rate Year 1**

| | SC 01 | SC 19 | SC 02 | SC 20 | SC 03 | SC 09 | SC 21 | SC 22 | SC 25 | SC04 | SC 05 | SC 16 | PA | Total O&R |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jul-08 | 170,660 | 12,366 | 88,713 | 3,952 | 35,671 | 40,847 | 10,048 | 33,526 | 7,000 | 1,314 | 283 | 1,062 | 7,850 | 413,292 |
| Aug-08 | 182,927 | 12,676 | 90,983 | 3,289 | 38,785 | 40,764 | 10,351 | 35,568 | 8,200 | 1,497 | 288 | 1,021 | 11,046 | 437,395 |
| Sep-08 | 159,242 | 11,345 | 89,033 | 3,073 | 35,148 | 35,823 | 9,154 | 30,829 | 6,900 | 1,634 | 285 | 1,206 | 10,827 | 394,499 |
| Oct-08 | 118,952 | 7,918 | 74,601 | 3,359 | 36,026 | 37,414 | 9,598 | 33,299 | 6,300 | 1,682 | 307 | 1,386 | 9,572 | 340,414 |
| Nov-08 | 114,606 | 7,053 | 71,393 | 3,410 | 29,449 | 32,399 | 8,233 | 29,711 | 3,300 | 2,222 | 267 | 1,359 | 7,608 | 311,010 |
| Dec-08 | 127,849 | 7,587 | 75,038 | 3,630 | 35,628 | 32,887 | 8,835 | 29,743 | 1,900 | 2,209 | 287 | 1,481 | 8,064 | 335,138 |
| Jan-09 | 145,971 | 8,490 | 79,765 | 3,818 | 35,395 | 38,726 | 9,291 | 29,212 | 2,000 | 2,163 | 288 | 1,553 | 8,499 | 365,171 |
| Feb-09 | 126,668 | 7,346 | 77,056 | 3,624 | 33,025 | 31,399 | 8,422 | 29,243 | 1,300 | 1,779 | 284 | 1,386 | 8,345 | 329,877 |
| Mar-09 | 114,604 | 6,838 | 72,330 | 3,541 | 28,957 | 32,711 | 7,872 | 25,877 | 600 | 1,759 | 283 | 1,277 | 7,383 | 304,032 |
| Apr-09 | 104,867 | 6,420 | 68,117 | 3,391 | 30,608 | 32,372 | 8,127 | 27,399 | 2,700 | 1,327 | 268 | 1,079 | 7,605 | 294,280 |
| May-09 | 102,463 | 6,345 | 70,057 | 3,402 | 34,966 | 39,282 | 10,011 | 35,238 | 5,500 | 1,355 | 300 | 1,187 | 9,528 | 319,634 |
| Jun-09 | 129,468 | 8,793 | 79,465 | 3,679 | 32,536 | 33,552 | 8,592 | 29,610 | 6,300 | 1,272 | 295 | 1,133 | 8,757 | 343,452 |
| Total Billed | 1,598,277 | 103,177 | 936,551 | 42,168 | 406,194 | 428,176 | 108,534 | 369,255 | 52,000 | 20,213 | 3,435 | 15,130 | 105,084 | 4,188,194 |
| Net Unbilled | (5,914) | (415) | (3,906) | (202) | (1,616) | (1,067) | (495) | (641) | - | - | - | - | - | (14,256) |
| RY1 Total | 1,592,363 | 102,762 | 932,645 | 41,966 | 404,578 | 427,109 | 108,039 | 368,614 | 52,000 | 20,213 | 3,435 | 15,130 | 105,084 | 4,173,938 |

# APPENDIX B



# SALES FORECAST

## Forecast of Sales Volume (MWh)

**Rate Year 2**

| | SC 01 | SC 19 | SC 02 | SC 20 | SC 03 | SC 09 | SC 21 | SC 22 | SC 25 | SC04 | SC 05 | SC 16 | PA | Total O&R |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jul-09 | 173,152 | 12,546 | 89,493 | 3,986 | 34,331 | 39,311 | 9,670 | 32,268 | 6,800 | 1,327 | 286 | 1,072 | 7,758 | 412,000 |
| Aug-09 | 180,314 | 12,495 | 89,172 | 3,223 | 38,573 | 40,542 | 10,295 | 35,374 | 8,300 | 1,512 | 290 | 1,031 | 11,281 | 432,402 |
| Sep-09 | 153,783 | 10,956 | 85,491 | 2,951 | 33,792 | 34,440 | 8,800 | 29,640 | 6,600 | 1,650 | 288 | 1,217 | 10,689 | 380,297 |
| Oct-09 | 118,709 | 7,902 | 74,541 | 3,357 | 32,268 | 33,511 | 8,597 | 29,824 | 5,700 | 1,697 | 309 | 1,398 | 8,933 | 326,746 |
| Nov-09 | 111,275 | 6,848 | 69,406 | 3,315 | 29,014 | 31,921 | 8,111 | 29,273 | 3,400 | 2,241 | 269 | 1,371 | 7,810 | 304,254 |
| Dec-09 | 133,005 | 7,893 | 78,166 | 3,781 | 37,368 | 34,493 | 9,267 | 31,196 | 2,100 | 2,229 | 290 | 1,493 | 8,813 | 350,094 |
| Jan-10 | 153,361 | 8,920 | 83,202 | 3,982 | 36,806 | 40,271 | 9,662 | 30,376 | 2,100 | 2,182 | 291 | 1,566 | 9,040 | 381,759 |
| Feb-10 | 130,380 | 7,561 | 78,744 | 3,703 | 33,300 | 31,659 | 8,492 | 29,488 | 1,300 | 1,794 | 287 | 1,398 | 8,606 | 336,712 |
| Mar-10 | 122,855 | 7,331 | 76,986 | 3,768 | 31,284 | 35,339 | 8,504 | 27,957 | 700 | 1,773 | 285 | 1,289 | 8,158 | 326,229 |
| Apr-10 | 116,166 | 7,111 | 74,440 | 3,706 | 30,757 | 32,528 | 8,166 | 27,533 | 2,700 | 1,340 | 271 | 1,089 | 7,790 | 313,597 |
| May-10 | 107,988 | 6,687 | 72,842 | 3,537 | 34,071 | 38,276 | 9,755 | 34,336 | 5,400 | 1,368 | 303 | 1,199 | 9,464 | 325,226 |
| Jun-10 | 129,082 | 8,766 | 78,162 | 3,618 | 33,819 | 34,875 | 8,931 | 30,778 | 6,600 | 1,285 | 298 | 1,144 | 9,279 | 346,637 |
| Total Billed | 1,630,070 | 105,016 | 950,645 | 42,927 | 405,383 | 427,166 | 108,250 | 368,043 | 51,700 | 20,398 | 3,467 | 15,267 | 107,621 | 4,235,953 |
| Net Unbilled | 3,045 | 214 | 2,013 | 104 | 832 | 550 | 255 | 330 | - | - | - | - | - | 7,343 |
| RY2 Total | 1,633,115 | 105,230 | 952,658 | 43,031 | 406,215 | 427,716 | 108,505 | 368,373 | 51,700 | 20,398 | 3,467 | 15,267 | 107,621 | 4,243,296 |

# APPENDIX B

# SALES FORECAST

## Forecast of Sales Volume (MWh)

**Rate Year 3**

| | SC 01 | SC 19 | SC 02 | SC 20 | SC 03 | SC 09 | SC 21 | SC 22 | SC 25 | SC04 | SC 05 | SC 16 | PA | Total O&R |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Jul-10 | 172,390 | 12,491 | 88,366 | 3,936 | 36,655 | 41,974 | 10,325 | 34,451 | 7,200 | 1,337 | 288 | 1,081 | 8,519 | 419,013 |
| Aug-10 | 191,493 | 13,269 | 93,922 | 3,395 | 36,119 | 37,962 | 9,640 | 33,123 | 7,800 | 1,523 | 293 | 1,039 | 10,865 | 440,443 |
| Sep-10 | 164,280 | 11,703 | 90,572 | 3,126 | 34,990 | 35,661 | 9,112 | 30,691 | 6,900 | 1,663 | 290 | 1,226 | 11,384 | 401,598 |
| Oct-10 | 121,106 | 8,061 | 75,140 | 3,383 | 34,588 | 35,921 | 9,215 | 31,969 | 6,100 | 1,711 | 312 | 1,409 | 9,739 | 338,654 |
| Nov-10 | 116,953 | 7,197 | 72,075 | 3,443 | 29,157 | 32,078 | 8,151 | 29,416 | 3,400 | 2,259 | 271 | 1,383 | 7,982 | 313,765 |
| Dec-10 | 133,443 | 7,919 | 77,485 | 3,748 | 34,135 | 31,508 | 8,465 | 28,498 | 1,900 | 2,246 | 292 | 1,506 | 8,186 | 339,331 |
| Jan-11 | 153,512 | 8,929 | 82,545 | 3,951 | 36,694 | 40,147 | 9,633 | 30,285 | 2,100 | 2,199 | 293 | 1,579 | 9,269 | 381,136 |
| Feb-11 | 131,858 | 7,647 | 78,933 | 3,712 | 33,199 | 31,564 | 8,467 | 29,399 | 1,300 | 1,809 | 289 | 1,409 | 8,824 | 338,410 |
| Mar-11 | 125,537 | 7,491 | 77,968 | 3,816 | 30,150 | 34,058 | 8,196 | 26,942 | 600 | 1,788 | 288 | 1,299 | 8,085 | 326,218 |
| Apr-11 | 110,665 | 6,774 | 70,841 | 3,526 | 29,690 | 31,400 | 7,883 | 26,577 | 2,700 | 1,351 | 273 | 1,097 | 7,679 | 300,456 |
| May-11 | 103,992 | 6,439 | 70,072 | 3,402 | 30,871 | 34,681 | 8,838 | 31,111 | 4,900 | 1,379 | 306 | 1,207 | 8,756 | 305,954 |
| Jun-11 | 135,867 | 9,227 | 82,184 | 3,804 | 37,194 | 38,356 | 9,822 | 33,849 | 7,300 | 1,294 | 300 | 1,154 | 10,421 | 370,772 |
| Total Billed | 1,661,096 | 107,147 | 960,103 | 43,242 | 403,442 | 425,310 | 107,747 | 366,311 | 52,200 | 20,559 | 3,495 | 15,389 | 109,709 | 4,275,750 |
| Net Unbilled | 17,205 | 1,206 | 11,362 | 589 | 4,703 | 3,101 | 1,439 | 1,866 | - | - | - | - | - | 41,471 |
| RY3 Total | 1,678,301 | 108,353 | 971,465 | 43,831 | 408,145 | 428,411 | 109,186 | 368,177 | 52,200 | 20,559 | 3,495 | 15,389 | 109,709 | 4,317,221 |

# ORANGE AND ROCKLAND UTILITIES, INC.

Case 07-E-0949

Impact of Rate Year 1 Rate Change on Total Revenue
For the Rate Year Twelve Months Ending June 30, 2009 (1)
(Based on Billed Sales and Revenues)

| Service Classification | Rate Year Billed Sales (MWH) | Customers | Revenue At Current Rates ($000s) | Revenue At Proposed Rates ($000s) | Change ($000s) | Percent Change |
|---|---|---|---|---|---|---|
| SC1 | 1,598,277 | 188,465 | 264,923 | 273,076 | 8,153 | 3.08% |
| SC19 | 103,177 | 3,903 | 16,152 | 16,620 | 468 | 2.90% |
| Total Res | 1,701,454 | 192,368 | 281,074 | 289,696 | 8,622 | 3.07% |
| SC2 | 936,551 | 27,150 | 144,312 | 147,592 | 3,280 | 2.27% |
| SC20 | 42,168 | 305 | 5,747 | 5,855 | 108 | 1.88% |
| Total Secondary | 978,719 | 27,455 | 150,058 | 153,446 | 3,388 | 2.26% |
| SC3 | 406,194 | 260 | 51,130 | 52,281 | 1,151 | 2.25% |
| SC21 | 108,534 | 23 | 13,294 | 13,520 | 226 | 1.70% |
| Total Primary | 514,728 | 283 | 64,424 | 65,801 | 1,377 | 2.14% |
| Total Sec & Pri | 1,493,447 | 27,738 | 214,482 | 219,247 | 4,765 | 2.22% |
| SC9 (Commercial) | 428,176 | 72 | 52,164 | 52,964 | 800 | 1.53% |
| SC22 (Industrial) | 369,255 | 71 | 42,934 | 43,439 | 505 | 1.18% |
| Total SC9 & SC22 | 797,431 | 143 | 95,098 | 96,402 | 1,304 | 1.37% |
| SC4 | 20,213 | 74 | 4,630 | 4,947 | 317 | 6.85% |
| SC5 | 3,435 | 519 | 633 | 668 | 35 | 5.58% |
| SC 16 -dusk-to-dawn | 10,703 | 2,670 | 2,259 | 2,405 | 145 | 6.43% |
| SC 16 - energy only | 4,427 | 400 | 643 | 665 | 22 | 3.45% |
| SC16 - Total | 15,130 | 3,070 | 2,903 | 3,070 | 168 | 5.77% |
| Total Lighting | 38,778 | 3,663 | 8,165 | 8,685 | 520 | 6.37% |
| SC 25 | 52,000 | 1 | 6,050 | 6,111 | 61 | 1.00% |
| Public Authority | 105,084 | 1 | 12,706 | 12,706 | 0 | 0.00% |
| Total | 4,188,194 | 223,914 | 617,575 | 632,847 | 15,272 | 2.47% |
| Competitive Services Revenues (2) | | | 0 | 315 | 315 | NA |
| Total | 4,188,194 | 223,914 | 617,575 | 633,163 | 15,588 | 2.52% |

Notes:

1. For comparison purposes, an estimated electric supply charge for retail access customers has been included in total revenues. This is equivalent, on a per unit basis, to the cost of electric supply included in full service customer revenues.
2. Revenues associated with increase in Billing & Payment Processing Charges to gas customers and to ESCOs.

**ORANGE AND ROCKLAND UTILITIES, INC.**

Case 07-E-0949

**Rate Design Work-papers - Rate Year 1**

**Calculation of Incremental Revenue Requirement for Rate Year 1** (1)

| | | |
|---|---|---|
| a. | Incremental Revenue Requirement for Rate 1 Year Including Gross Receipts/MTA Taxes | $15,591,000 |
| b. | Gross Receipts/MTA Tax Included in Incremental Revenue Requirement | $148,115 |
| c. | Incremental Revenue Requirement for Rate Year 1 Excluding Gross Receipts/MTA Taxes (a - b) | $15,442,885 |
| d. | Transfer of Purchase Power Working Capital Expense from Base Rates to MFC (2) | $447,700 |
| e. | Incremental Revenue Derived from Gas Customers and Marketers as a result of increase in Billing and Payment Processing Charge and Billing Cost to Marketers as a result of increase in B&PPC/Billing Cost from $0.62 to $1.02 | $312,442 |
| f. | Transfer of Middletown Tap from ECA to Base Rates | $1,620,000 |
| g. | Transfer of Commodity Related Uncollectibles for full service customers from Base Rates to MFC | $1,073,000 |
| h. | Adjusted Incremental Revenue Requirement for Rate Year 1 | $15,229,743 |
| i. | Rate Year 1 Bundled Delivery Revenues at Current Rate Level, Excl. West Point | $182,900,000 |
| j. | Rate Year 1 Overall Percentage Increase in Delivery Revenues (h / i) | 8.32681% |

Notes:

1 Twelve months ending June 30, 2009
2 Includes Uncollectibles

**ORANGE AND ROCKLAND UTILITIES, INC.**

Case 07-E-0949

**Rate Design Work-papers - Rate Year 1**

**Allocation of Incremental Revenue Requirement Among Customer Classes**

| Class | Bundled Rate Yr. 1 Delivery Rev. ($) | (Surplus)/ Deficiency (1) ($) | Adj. Rate Yr. 1 Delivery Revenue ($) | Rate Yr. 1 Incr. @ 8.32681% ($) | Rate Yr. 1 Bundled Delivery Rev. at Rate Yr. 1 Rate Level ($) | Rate Yr. 1 Increase Incl. (Surplus)/Deficiency ($) | Rate Yr. 1 Bundled % | Mitigation Adjustment (2) | Mitigation Increase | Adj. Rate Yr. 1 Incl. (Surplus)/Deficiency Incl. Mitigation Adj./Incr. | Adj. Rate Yr. 1 Bundled % | Adj. Rate Yr. 1 Bundled Delivery Rev. at Rate yr. 1 Rate Level |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC1 | 99,396,000 | (351,333) | 99,044,667 | 8,247,261 | 107,291,928 | 7,895,928 | 7.94391% | 0 | 204,242 | 8,100,170 | 8.14939% | 107,496,170 |
| SC19 | 5,481,000 | 0 | 5,481,000 | 456,392 | 5,937,392 | 456,392 | 8.32680% | 0 | 11,302 | 467,694 | 8.53300% | 5,948,694 |
| Total Res | 104,877,000 | (351,333) | 104,525,667 | 8,703,653 | 113,229,320 | 8,352,320 | 7.96392% | 0 | 215,544 | 8,567,864 | 8.16944% | 113,444,864 |
| SC2 | 47,483,000 | (705,000) | 46,778,000 | 3,895,115 | 50,673,115 | 3,190,115 | 6.71844% | 0 | 96,462 | 3,286,577 | 6.92159% | 50,769,577 |
| SC20 | 1,406,000 | (11,000) | 1,395,000 | 116,159 | 1,511,159 | 105,159 | 7.47930% | 0 | 2,877 | 108,036 | 7.68393% | 1,514,036 |
| Total Sec | 48,889,000 | (716,000) | 48,173,000 | 4,011,274 | 52,184,274 | 3,295,274 | 6.74032% | 0 | 99,339 | 3,394,613 | 6.94351% | 52,283,613 |
| SC3 | 9,213,000 | 364,000 | 9,577,000 | 797,459 | 10,374,459 | 1,161,459 | 12.60674% | (10,735) | 0 | 1,150,724 | 12.49022% | 10,363,724 |
| SC21 | 2,174,000 | 37,667 | 2,211,667 | 184,161 | 2,395,828 | 221,828 | 10.20366% | 0 | 4,561 | 226,389 | 10.41346% | 2,400,389 |
| Total Pri | 11,387,000 | 401,667 | 11,788,667 | 981,620 | 12,770,287 | 1,383,287 | 12.14795% | (10,735) | 4,561 | 1,377,113 | 12.09373% | 12,764,113 |
| Total Sec & Pri | 60,276,000 | (314,333) | 59,961,667 | 4,992,894 | 64,954,561 | 4,678,561 | 7.76190% | (10,735) | 103,900 | 4,771,726 | 7.91646% | 65,047,726 |
| Total SC9 (Com) | 8,061,000 | 110,000 | 8,171,000 | 680,384 | 8,851,384 | 790,384 | 9.80504% | 0 | 16,850 | 807,234 | 10.01407% | 8,868,234 |
| Total SC22 (Mfg) | 4,882,000 | 85,333 | 4,967,333 | 413,620 | 5,380,953 | 498,953 | 10.22026% | 0 | 10,243 | 509,196 | 10.43008% | 5,391,196 |
| Total SC 9 & SC 22 | 12,943,000 | 195,333 | 13,138,333 | 1,094,004 | 14,232,337 | 1,289,337 | 9.96166% | 0 | 27,093 | 1,316,430 | 10.17098% | 14,259,430 |
| SC4 | 2,531,000 | 180,667 | 2,711,667 | 225,795 | 2,937,462 | 406,462 | 16.05933% | (90,334) | 0 | 316,128 | 12.49023% | 2,847,127 |
| SC5 | 278,000 | 22,000 | 300,000 | 24,980 | 324,980 | 46,980 | 16.89928% | (12,257) | 0 | 34,723 | 12.49029% | 312,723 |
| SC 16 -dusk-to-dawn | 1,145,000 | 258,333 | 1,403,333 | 116,853 | 1,520,186 | 375,186 | 32.76737% | (232,173) | 0 | 143,013 | 12.49025% | 1,288,013 |
| SC 16 - energy only | 185,000 | 9,333 | 194,333 | 16,182 | 210,515 | 25,515 | 13.79207% | (2,408) | 0 | 23,107 | 12.49045% | 208,107 |
| SC16 - Total | 1,330,000 | 267,667 | 1,597,667 | 133,035 | 1,730,702 | 400,702 | 30.12794% | (234,581) | 0 | 166,121 | 12.49028% | 1,496,120 |
| Total Lights | 4,139,000 | 470,333 | 4,609,333 | 383,810 | 4,993,143 | 854,143 | 20.63647% | (337,172) | 0 | 516,971 | 12.49025% | 4,655,970 |
| SC 25 | | | | | | | | | | | | |
| Rate 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 4 | 665,000 | 0 | 665,000 | 55,373 | 720,373 | 55,373 | 8.32677% | 0 | 1,371 | 56,744 | 8.53293% | 721,744 |
| Total | 665,000 | 0 | 665,000 | 55,373 | 720,373 | 55,373 | | 0 | 1,371 | 56,744 | 8.53293% | 721,744 |
| Total | 182,900,000 | (0) | 182,900,000 | 15,229,734 | 198,129,734 | 15,229,734 | 8.32681% | (347,907) | 347,908 | 15,229,735 | 8.32681% | 198,129,735 |

Notes: 1 Exhibit E-12, Schedule 1, Table 1A adjusted to reflect Staff and Company agreement on tranformer costs.
Deficiencies & Surpluses phased-in equally over the three rate years.
2 Overall bundled delivery increase limited to no more than 1.5 or no less than 0.5 times the overall delivery revenue increase = 12.49022% 4.16341%

**ORANGE AND ROCKLAND UTILITIES, INC.**

Case 07-E-0949

**Rate Design Work-papers - Rate Year 1**

**Determination of Non-competitive RY 1 Delivery Revenue Increase**

| Class | Adj. Proposed Rate Yr. 1 Incl. (Surplus)/Deficiency Incl. Mitigation Adj./Incr. ($) | MFC Supply Related Rev. ($) | Rate Year 1 Competitive Services Revenues (1)<br>MFC Credit & Collections Related Rev. ($) | POR Credit & Collections Related Rev. | Competitive Metering Related Rev. ($) | Billing & Payment Proc. Charge Rev. ($) | Total Rate Yr. 1 Competitive Services Rev. ($) | Non-Competitive Rate Yr. 1 Delivery Revenue Incr. |
|---|---|---|---|---|---|---|---|---|
| SC1 | 8,100,170 | 2,093,460 | 1,123,054 | 650,018 | 0 | 1,031,158 | 4,897,690 | 3,202,480 |
| SC19 | 467,694 | 111,805 | 59,979 | 54,276 | 0 | 15,331 | 241,391 | 226,303 |
| Total Res | 8,567,864 | 2,205,265 | 1,183,033 | 704,294 | 0 | 1,046,489 | 5,139,081 | 3,428,783 |
| | | | | | | | | |
| SC2 | 3,286,577 | 493,281 | 227,242 | 146,541 | 2,591,002 | 189,329 | 3,647,395 | (360,818) |
| SC20 | 108,036 | 22,541 | 10,384 | 6,907 | 70,419 | 1,418 | 111,669 | (3,633) |
| Total Sec | 3,394,613 | 515,822 | 237,626 | 153,448 | 2,661,421 | 190,747 | 3,759,064 | (364,451) |
| | | | | | | | | |
| SC3 | 1,150,724 | 102,287 | 34,096 | 45,695 | 52,977 | 2,019 | 237,074 | 913,650 |
| SC21 | 226,389 | 30,720 | 10,240 | 11,568 | 14,214 | 281 | 67,023 | 159,366 |
| Total Pri | 1,377,113 | 133,007 | 44,336 | 57,263 | 67,191 | 2,300 | 304,097 | 1,073,016 |
| | | | | | | | | |
| Total Sec & Pri | 4,771,726 | 648,829 | 281,962 | 210,711 | 2,728,612 | 193,047 | 4,063,161 | 708,565 |
| | | | | | | | | |
| Total SC9 (Com) | 807,234 | 104,861 | 34,954 | 25,839 | 71,245 | 631 | 237,530 | 569,704 |
| | | | | | | | | |
| Total SC22 (Mfg) | 509,196 | 101,619 | 33,873 | 22,564 | 70,689 | 776 | 229,521 | 279,675 |
| | | | | | | | | |
| Total SC 9 & SC 22 | 1,316,430 | 206,480 | 68,827 | 48,403 | 141,934 | 1,407 | 467,051 | 849,379 |
| | | | | | | | | |
| SC4 | 316,127 | 5,677 | 2,615 | 6,640 | 0 | 661 | 15,593 | 300,534 |
| SC5 | 34,723 | 966 | 445 | 1,095 | 0 | 2,289 | 4,795 | 29,928 |
| SC 16 -dusk-to-dawn | 143,013 | 7,674 | 3,535 | 994 | 0 | 2,481 | 14,684 | 128,329 |
| SC 16 - energy only | 23,107 | 2,112 | 973 | 677 | 0 | 376 | 4,138 | 18,969 |
| SC16 - Total | 166,120 | 9,786 | 4,508 | 1,671 | 0 | 2,857 | 18,822 | 147,298 |
| Total Lights | 516,970 | 16,429 | 7,568 | 9,406 | 0 | 5,807 | 39,210 | 477,760 |
| | | | | | | | | |
| SC 25 | | | | | | | | |
| Rate 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate 4 | 56,744 | 23,400 | 7,800 | 0 | 1,278 | 12 | 32,490 | 24,254 |
| Total | 56,744 | 23,400 | 7,800 | 0 | 1,278 | 12 | 32,490 | 24,254 |
| | | | | | | | | |
| Total | 15,229,734 | 3,100,403 | 1,549,190 | 972,814 | 2,871,824 | 1,246,762 | 9,740,993 | 5,488,741 |

Notes: 1 Excludes purchased power working capital

Orange & Rockland
Pike County Light & Power Co.
Rockland Electric Company

**Orange & Rockland**

**TOTAL AMT DUE: $ 137.31**

**12345-12345**
**SAMPLE BILL**
**22 ANY ROAD**
**NEW CITY, NY 10956**

This bill is due on receipt.
Detach and mail this portion with payment

**22 ANY ROAD**
**NEW CITY, NY 10956**

**Your next Meter Reading will be Sep 10**

**Questions call toll-free 1-877-434-4100**

| **ELECTRIC RESIDENTIAL** | | | |
|---|---|---|---|
| Aug 11 Reading (Actual) | | 6175 | |
| Jul 9 Reading (Actual) | | -5425 | |
| Total Usage KWH | 33 Days | 750 | |
| **Delivery Charges** | | | |
| Basic Service Charge | | | $9.09 |
| First | 250 KWH @ | 5.692¢ each | 14.23 |
| Next | 500 KWH @ | 6.006¢ each | 30.03 |
| Energy Cst Adj | 750 KWH @ | 0.023¢ each | 0.17 |
| SBC/RPS Chg | 750 KWH @ | 0.182¢ each | 1.37 |
| RDM Adjustment | 750 KWH @ | 0.000¢ each | 0.00 |
| Energy Efficiency Surch | 750 KWH @ | 0.123¢ each | 0.92 |
| Transition Adj Chg | 750 KWH @ | 0.000¢ each | 0.00 |
| Government surcharges delivery | | | 1.13 |
| **Total Delivery Charges** | | | 56.94 |
| **Merchant Function Chg** | 750 KWH @ | 0.313¢ each | 2.35 |
| Government surcharges delivery | | | 0.05 |
| **Total Merchant Function Chg** | | | 2.39 |
| **Mkt Price Elec Supply** | 750 KWH @ | 10.000¢ each | 75.00 |
| **Mkt Supply Chg Adj** | 750 KWH @ | 0.055¢ each | 0.41 |
| Government surcharges commodity | | | 1.52 |
| **Total price for Elec Supply** | | 10.258¢ Avg | |
| **Total Supply Charges** | | | 76.94 |
| **Current Electric Charges** | | | **$136.27** |

| **Billing Date** | **08/12/08** |
|---|---|
| **Billing Summary** | |
| **ACCOUNT NUMBER** | |
| **12345-12345** | |
| Last Bill | $148.52 |
| Payments | |
| 8/1/2008 | $148.52 |
| Other Charges/Credits | |
| Billing Charge | $1.04 |
| Service Charges | |
| Electric | $136.27 |
| **TOTAL AMOUNT DUE** | **$137.31** |

***To avoid a 1.5% late charge, pay by 09/06/2008. If paying in person at an O&R business office, by phone, or on the internet please allow 1 to 2 business days for payment to post to your account.***

***Price to Compare*** *--The O&R price for providing electricity supply this month is 10.577 cents per kWh. This price includes O&R's "Total Price for Electric Supply" and "Total Merchant Function Charge." If you decide to shop for electricity supply, you should compare these charges with the prices offered by energy service companies (ESCOs). But keep in mind that O&R's Total Price for Electric Supply changes each month. In addition to avoiding O&R's Total Price for Electric Supply and Total Merchant Function Charge, you could achieve some tax savings if you switch to an ESCO for your electric supply. Additionally, if the ESCO includes its charges on your O&R bill, you will avoid paying O&R's monthly billing charge. If you buy electric supply from an ESCO, O&R will continue to deliver the electricity to you and you will continue to pay O&R for all charges associated with delivery service.*

Orange & Rockland
Pike County Light & Power Co.
Rockland Electric Company

**Orange & Rockland**

| | | |
|---|---|---|
| **TOTAL** | | |
| **AMT DUE:** | **$** | **135.69** |

**98745-12345**
**SAMPLE BILL**
**325 NEW LANE**
**BARDONIA, NY 10954**

This bill is due on receipt.
Detach and mail this portion with payment

**325 NEW LANE**
**BARDONIA, NY 10954**

**Your next Meter Reading will be Sep 10**

**Questions call toll-free 1-877-434-4100**

| **ELECTRIC RESIDENTIAL - DELIVERY** | | | |
|---|---|---|---|
| Aug 11 Reading (Actual) | | 6175 | |
| Jul 9 Reading (Actual) | | -5425 | |
| Total Usage KWH | 33 Days | 750 KWH | |
| **Delivery Charges** | | | |
| Basic Service Charge | | | $9.09 |
| First | 250 KWH @ | 5.692¢ each | 14.23 |
| Next | 500 KWH @ | 6.006¢ each | 30.03 |
| Energy Cst Adj | 750 KWH @ | 0.023¢ each | 0.17 |
| SBC/RPS Chg | 750 KWH @ | 0.182¢ each | 1.37 |
| RDM Adjustment | 750 KWH @ | 0.000¢ each | 0.00 |
| Energy Efficiency Surch | 750 KWH @ | 0.123¢ each | 0.92 |
| Transition Adj Chg | 750 KWH @ | 0.000¢ each | 0.00 |
| Government surcharges delivery | | | 1.13 |
| **Total Delivery Charges** | | | 56.94 |
| **Total Supplier Charges** | | | 78.75 |
| **Current Electric Charges** | | | **$135.69** |

| **Billing Date** | **08/12/08** |
|---|---|
| **Billing Summary** | |
| **ACCOUNT NUMBER** | |
| **12345-12345** | |
| Last Bill | $148.52 |
| Payments | |
| 8/1/2008 | $148.52 |
| Service Charges | |
| Electric | $135.69 |
| **TOTAL AMOUNT DUE** | **$135.69** |

***To avoid a 1.5% late charge, pay by 09/06/2008. If paying in person at an O&R business office, by phone, or on the internet please allow 1 to 2 business days for payment to post to your account.***

Orange & Rockland
Pike County Light & Power Co.
Rockland Electric Company

**Orange & Rockland**

**TOTAL AMT DUE: $ 6,800.79**

**12345-12345**
**SAMPLE BILL**
**375 RT 304**
**NEW CITY, NY 10956**

This bill is due on receipt.
Detach and mail this portion with payment

**375 RT 304**
**NEW CITY, NY 10956**

**Your next Meter Reading will be Sep 10**

**Questions call toll-free 1-877-434-4100**

| **ELECTRIC SMALL C&I GENERAL SERVICE SECONDARY** | | | |
|---|---|---|---|
| Aug 11 reading (Actual) | | 3666 | 109239 |
| Jul 9 reading (Actual) | | -3541 | -65489 |
| Total Usage | 33 Days | 125.0 KW | 43750 KWH |
| **Delivery Charges** | | | |
| Basic Service Charge | | | $9.42 |
| First | 5.0 KW | .00 | 0.00 |
| Next | 120.0 KW | 10.68 | 1281.60 |
| First | 1250 KWH @ | 6.351¢ each | 79.39 |
| Next | 36250 KWH @ | 2.111¢ each | 765.24 |
| Next | 6250 KWH @ | 0.326¢ each | 20.38 |
| Energy Cst Adj | 43750 KWH @ | 0.023¢ each | 10.06 |
| SBC/RPS Chg | 43750 KWH @ | 0.182¢ each | 79.63 |
| RDM Adjustment | 43750 KWH @ | 0.000¢ each | 0.00 |
| Energy Efficiency Surch | 43750 KWH @ | 0.123¢ each | 53.81 |
| Transition Adj Chg | 43750 KWH @ | 0.000¢ each | 0.00 |
| Government surcharges delivery | | | -0.46 |
| **Total Delivery Charges** | | | 2299.07 |
| **Metering Charge** | | | 9.76 |
| Government surcharges delivery | | | 0.00 |
| **Total Metering Charge** | | | 9.76 |
| **Merchant Function Chg** | 43750 KWH @ | 0.207¢ each | 90.56 |
| Government surcharges delivery | | | -0.02 |
| **Total Merchant Function Chg** | | | 90.54 |
| **Mkt Price Elec Supply** | 43750 KWH @ | 10.000¢ each | 4375.00 |
| **Mkt Supply Chg Adj** | 43750 KWH @ | 0.055¢ each | 24.06 |
| Government surcharges commodity | | | 1.32 |
| **Total price for Elec Supply** | | 10.058¢ Avg | 4400.38 |
| **Current Electric Charges** | | | **$6,799.75** |

| **Billing Date** | **08/12/08** |
|---|---|
| **Billing Summary** | |
| **ACCOUNT NUMBER 12345-12345** | |
| Last Bill | $6,842.52 |
| Payments 8/1/2008 | $6,842.52 |
| Other Charges/Credits | |
| Billing Charge | $1.04 |
| Service Charges | |
| Electric | $6,799.75 |
| **TOTAL AMOUNT DUE** | **$6,800.79** |

***To avoid a 1.5% late charge, pay by 09/06/2008. If paying in person at an O&R business office, by phone, or on the internet please allow 1 to 2 business days for payment to post to your account.***

***Price to Compare*** *--The O&R price for providing electricity supply this month is 10.577 cents per kWh. This price includes O&R's "Total Price for Electric Supply" and "Total Merchant Function Charge." If you decide to shop for electricity supply, you should compare these charges with the prices offered by energy service companies (ESCOs). But keep in mind that O&R's Total Price for Electric Supply changes each month. In addition to avoiding O&R's Total Price for Electric Supply and Total Merchant Function Charge, you could achieve some tax savings if you switch to an ESCO for your electric supply. Additionally, if the ESCO includes its charges on your O&R bill, you will avoid paying O&R's monthly billing charge. If you buy electric supply from an ESCO, O&R will continue to deliver the electricity to you and you will continue to pay O&R for all charges associated with delivery service.*

Orange & Rockland
Pike County Light & Power Co.
Rockland Electric Company

**Orange & Rockland**

**TOTAL AMT DUE: $ 6,902.58**

**12345-12345**
**SAMPLE BILL**
**425 RT 304**
**NEW CITY, NY 10956**

This bill is due on receipt.
Detach and mail this portion with payment

**425 RT 304**
**NEW CITY, NY 10956**

**Your next Meter Reading will be Sep 10**

**Questions call toll-free 1-877-434-4100**

| **ELECTRIC SMALL C&I GENERAL SERVICE SEC - DELIVERY** | | | |
|---|---|---|---|
| Aug 11 reading (Actual) | | 3666 | 109239 |
| Jul 9 reading (Actual) | | -3541 | -65489 |
| Total Usage | 33 Days | 125.0 KW | 43750 KWH |
| **Delivery Charges** | | | |
| Basic Service Charge | | | $9.42 |
| First | 5.0 KW | .00 | 0.00 |
| Next | 120.0 KW | 10.68 | 1281.60 |
| First | 1250 KWH @ | 6.351¢ each | 79.39 |
| Next | 36250 KWH @ | 2.111¢ each | 765.24 |
| Next | 6250 KWH @ | 0.326¢ each | 20.38 |
| Energy Cst Adj | 43750 KWH @ | 0.023¢ each | 10.06 |
| SBC/RPS Chg | 43750 KWH @ | 0.182¢ each | 79.63 |
| RDM Adjustment | 43750 KWH @ | 0.000¢ each | 0.00 |
| Energy Efficiency Surch | 43750 KWH @ | 0.123¢ each | 53.81 |
| Transition Adj Chg | 43750 KWH @ | 0.000¢ each | 0.00 |
| Government surcharges delivery | | | -0.46 |
| **Total Delivery Charges** | | | 2299.07 |
| **Metering Charge** | | | 9.76 |
| Government surcharges delivery | | | 0.00 |
| **Total Metering Charge** | | | 9.76 |
| **Total Supplier Charge** | | | 4593.75 |
| **Current Electric Charges** | | | **$6,902.58** |

| **Billing Date** | **08/12/08** |
|---|---|
| **Billing Summary** | |
| **ACCOUNT NUMBER 12345-12345** | |
| Last Bill | $6,842.52 |
| Payments 8/1/2008 | $6,842.52 |
| Service Charges Electric | $6,902.58 |
| **TOTAL AMOUNT DUE** | **$6,902.58** |

***To avoid a 1.5% late charge, pay by 09/06/2008. If paying in person at an O&R business office, by phone, or on the internet please allow 1 to 2 business days for payment to post to your account.***

## REVENUE DECOUPLING MECHANISM

The revenue decoupling mechanism ("RDM") will be based on a total delivery revenue[1] per class methodology for customer classes that are included in the RDM.

Those service classifications that are included in the RDM and those classes that are excluded from the RDM are as follows.

Service Classifications Included in the RDM

| | |
|---|---|
| 1 | General Residential |
| 2 | General Secondary or Primary Service |
| 3 | General Primary Service (100 – 1,000 kW) |
| 9 | Commercial Service Over 1,000 kW (Mandatory Time of Use) |
| 19 | Residential Optional Time of Use Service |
| 20 | General Secondary Optional Time of Use Service |
| 21 | General Primary Optional Time of Use Service |
| 22 | Industrial Service Over 1,000 kW (Mandatory Time of Use) |

Service Classifications Excluded From the RDM

| | |
|---|---|
| 4 | Municipal Street Lighting |
| 5 | Traffic Signal Lighting |
| 15 | Buyback Service |
| 16 | Private Area Lighting |
| 23 | Individually Negotiated Contracts |
| 25 | Standby Service |
| | Contract Customers |
| | Riders G, H, J[2] |

Under the RDM, actual delivery revenue is compared, on a monthly basis, with a delivery revenue target for each service classification.

[1] Total delivery revenue includes both billed and unbilled revenue.
[2] Customers taking service under the Company's economic development riders, i.e., Riders G, H, and J, are included in Service Classification Nos. 2, 3, 9, 20, 21 and 22 and must be removed from those classes for purposes of setting delivery revenue targets and determining the actual delivery revenues for those classes.

**Actual Delivery Revenue**

Actual delivery revenue, determined for each customer class on a monthly basis, will be calculated as the sum of total revenue derived from customer charges and delivery charges, as defined in each service classification. Rate Year 3 delivery revenue will also include revenues associated with the portion of the Rate Year 3 revenue increase collected through a temporary surcharge in the ECA. Actual delivery revenues will not include revenues derived from the RDM Adjustment described below.

**Delivery Revenue Targets**

Delivery revenue targets will be adjusted to reflect delivery rate changes that occur during a rate plan. Monthly delivery revenue targets for Rate Year 1, Rate Year 2 and Rate Year 3 for each service classification included in the RDM will be calculated by the Company and supplied to the Signatory Parties by no later than June 1, 2008.

In addition, adjustments to the delivery revenue targets may be necessary if new legislation or regulation results in a change in delivery revenues for some or all service classifications included in the RDM.

**RDM Adjustment**

For each service classification subject to the RDM, the Company will, on a monthly basis, compare actual delivery revenue to the delivery revenue target. If the monthly actual delivery revenue exceeds the delivery revenue target, the delivery revenue excess will be accrued for refund to customers at the end of the annual RDM period[3] (as described below). Likewise, if

[3] The annual RDM periods are the three rate years established in this proceeding.

the monthly actual delivery revenue is less than the delivery revenue target, this delivery revenue shortfall will be accrued for recovery from customers at the end of the annual RDM period.

On a monthly basis, interest at the Commission's rate for other customer provided capital will be calculated on the average of the current and prior month’s cumulative delivery revenue excess/shortfall (net of state and federal income tax benefits).

At the end of an annual RDM period, total delivery revenue excess/shortfalls for each service classification will be refunded/surcharged to customers through service classification-specific RDM Adjustments applicable during a subsequent twelve-month period. The Company will file a Statement of RDM Adjustments during the month following the end of an annual RDM period and no less than ten calendar days before the date on which the statement is proposed to be effective. Schedule 1 is an illustrative Statement of RDM Adjustments. The schedule for RDM adjustments applicable to this rate plan is set forth below.

| | Annual RDM Period | RDM Adjustment Filing Date | RDM Adjustment Recovery Period |
|---|---|---|---|
| RY 1 | 7/1/08 – 6/30/09[4] | 7/22/09 | 8/1/09 – 7/31/10 |
| RY 2 | 7/1/09 – 6/30/10 | 7/22/10 | 8/1/10 – 7/31/11 |
| RY 3 | 7/1/10 – 6/30/11 | 7/22/11 | 8/1/11 – 7/31/12 |

The service classification-specific RDM Adjustments will be determined on a cents per kWh basis by dividing the total delivery revenue excess/shortfalls for the annual RDM period for each class by forecast kWh deliveries of the associated class for the corresponding RDM Adjustment Recovery Period. If at any time during an annual RDM period the total of cumulative delivery revenue excess/shortfall for all of the Company's service classifications

[4] Effective date of rate plan is July 1, 2008, however; the base rate change will not become effective until August 1, 2008.

subject to the RDM exceeds $3 million, the Company will implement interim RDM Adjustments by service classification on no less than ten days notice. These interim RDM Adjustments would be subject to reconciliation at the end of the annual RDM period as part of the annual RDM Adjustment process described above.

Although the Signatory Parties agree that new rates should become effective July 1, 2008, because of administrative reasons, new rates will not become effective until August 1, 2008. Accordingly, since it is the intent of the Signatory Parties for the RDM to be in place for the full twelve months of Rate Year 1 (i.e., July 1, 2008 through June 30, 2009), for those customers subject to the RDM, the Company will be made whole for the revenue shortfall for July 2008 (i.e., the difference between the Company's actual revenues and the RDM targets) through the RDM true-up mechanism applicable to the cost month of July 2008. The true-up amount will be based on the class-specific revenue targets for that month. The July 2008 revenue shortfall will be recovered over 10 months (i.e., September 2008 through June 2009) through the class-specific RDM adjustment factors[5] and will be subject to reconciliation at the end of the annual RDM period as part of the annual RDM Adjustment process. In the event that there is an interim RDM adjustment, as discussed above, the July 2008 shortfall will be combined with the interim RDM adjustment into a single set of class-specific RDM adjustments.

If for any reason, a service classification included in the RDM no longer has any customers, the revenue target for that discontinued service class, plus any delivery revenue excess or shortfall, would be reallocated to other remaining service classes to provide for

[5] For those customers not subject to the RDM, the revenue shortfall for July 2008 (i.e., the difference between the forecast sales revenues included in the Company's revenue requirement calculation that would have been billed at new rates during July 2008, as compared to the same level of sales revenues at current rates) will be recovered over 10 months (i.e., September 2008-June 2009) through separate class-specific cents per kWh charges.

equitable treatment of any revenue excess or shortfall from the discontinued service class. The Company will consult with Commission Staff regarding such reallocation.

Appendix F

Orange and Rockland Utilities, Inc.
Case 07-E-1949
T&D Net Plant In Service Balances Target
$ 000's

| | Twelve Months Ended June 30, 2009 | | | Twelve Months Ended June 30, 2010 | | | Twelve Months Ended June 30, 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | T&D Plant In Service | T&D Reserve For Depreciation | T&D Net Plant | T&D Plant In Service | T&D Reserve For Depreciation | T&D Net Plant | T&D Plant In Service | T&D Reserve For Depreciation | T&D Net Plant |
| June | 379,706 | 121,669 | 258,037 | 421,773 | 130,995 | 290,778 | 454,386 | 141,468 | 312,918 |
| July | 761,323 | 244,821 | 516,502 | 845,320 | 263,672 | 581,648 | 910,819 | 284,781 | 626,038 |
| August | 763,583 | 246,309 | 517,274 | 847,686 | 265,359 | 582,327 | 913,127 | 286,631 | 626,496 |
| September | 765,350 | 247,802 | 517,548 | 856,860 | 267,053 | 589,807 | 918,445 | 288,486 | 629,959 |
| October | 773,564 | 249,299 | 524,265 | 859,390 | 268,769 | 590,621 | 920,804 | 290,352 | 630,452 |
| November | 777,761 | 250,817 | 526,944 | 865,101 | 270,491 | 594,610 | 925,924 | 292,225 | 633,699 |
| December | 799,395 | 252,345 | 547,050 | 877,917 | 272,228 | 605,689 | 945,963 | 294,110 | 651,853 |
| January | 800,791 | 253,920 | 546,871 | 879,303 | 273,995 | 605,308 | 947,461 | 296,032 | 651,429 |
| February | 810,753 | 255,498 | 555,255 | 880,736 | 275,766 | 604,970 | 948,857 | 297,957 | 650,900 |
| March | 812,488 | 257,101 | 555,387 | 882,406 | 277,541 | 604,865 | 950,507 | 299,885 | 650,622 |
| April | 813,980 | 258,709 | 555,271 | 883,826 | 279,320 | 604,506 | 951,900 | 301,818 | 650,082 |
| May | 837,279 | 260,320 | 576,959 | 905,069 | 281,102 | 623,967 | 961,964 | 303,754 | 658,210 |
| June | 421,773 | 130,995 | 290,778 | 454,386 | 141,468 | 312,918 | 488,852 | 152,858 | 335,994 |
| Total | 9,517,746 | 3,029,605 | 6,488,141 | 10,459,773 | 3,267,759 | 7,192,014 | 11,239,009 | 3,530,357 | 7,708,652 |
| Annual Target | 793,146 | 252,467 | 540,678 | 871,648 | 272,313 | 599,335 | 936,584 | 294,196 | 642,388 |

Orange and Rockland Utilities, Inc.
Case 07-E-1949
True-Up Targets
$ 000's

| Expense Items | Twelve Months Ending June 30, 2009 | 2010 | 2011 | 3-Year Rate Period |
|---|---|---|---|---|
| Research and Development | $ 1,001 | $ 1,001 | $ 1,001 | $ 3,003 |
| Contractor Tree Trimming (shortfall true-up only) * | 6,069 | 6,196 | 6,326 | 18,591 |
| Low Income Program | 317 | 324 | 330 | 971 |
| Worker's Compensation Claims (Asbestos) | 195 | 195 | 195 | 585 |
| Pension Costs - Qualified Plan | 12,962 | 11,440 | 9,836 | 34,238 |
| - Non Qualified Plan | 1,669 | 1,653 | 1,614 | 4,936 |
| OPEB Costs | 4,973 | 4,796 | 4,593 | 14,362 |
| Rate relief phase-in adjustment | (7,792) | (1,823) | 9,615 | - |
| Net Target | 11,812 | 16,066 | 25,658 | 53,536 |
| Medicare Part D - Schedule M Flow Thru Deduction | 1,449 | 1,449 | 1,449 | 4,347 |
| Property Taxes - State, County & Town | 5,020 | 5,083 | 5,148 | 15,251 |
| Property Taxes - Village | 1,176 | 1,191 | 1,206 | 3,573 |
| Property Taxes - School | 12,403 | 12,561 | 12,720 | 37,684 |
| Total Property Taxes | 18,599 | 18,835 | 19,074 | 56,508 |

* Annual tree trimming over / under expenditures may be netted, true up is cumulative.

| Rate Base - Environmental and Deferred FIT | 2009 | 2010 | 2011 |
|---|---|---|---|
| Environmental Remediation | | | |
| MGP | 5,947 | 11,046 | 9,800 |
| West Nyack | 187 | 166 | 104 |
| Deferrred Environmental Balances | 6,134 | 11,212 | 9,904 |
| Accum. Deferred FIT - ACRS / MACRS / ADR | (66,752) | (69,860) | (73,241) |
| Accum. Deferred FIT - Bonus Depreciation | (5,213) | (5,575) | (5,108) |
| Accum. Deferred FIT | (71,965) | (75,435) | (78,349) |
| Accum. Deferred FIT - 263(A) Capitalized Overheads | (15,296) | (14,802) | (14,308) |

**Electric Capital Program Reporting Requirements – Appendix H**

The Company will file a quarterly report within 45 days after the end of each of the first three calendar quarters of each rate year (e.g., the report for the quarter January – March 2009 would be due by May 15, 2009). The annual report would be due 60 days after the end of the last quarter in each rate year (i.e., by August 31, 2009 for Rate Year 1). The quarterly and annual reports will include the following information as outlined below. The quarterly reports will focus primarily on capital projects budgeted at over $1 million. The reports will explain any significant changes in project timelines or cost estimates exceeding 15%, as well as a detailed explanation of any new priority capital projects budgeted over $1 million. Reports for illustrative purposes are attached.

Quarterly Reports - reports will reflect cumulative expenditures during the rate year

- Summary of Capital Expenditures - Blankets, Regular Projects under $1.0 million and Regular Projects Over $1.0 million
- Summary of Capital Additions - Blankets, Regular Projects under $1.0 million and Regular Projects Over $1.0 million
- Capital Projects Over $1.0 million that includes
    - Rate Case – In-service date
    - Projected in-service date
    - Breakdown of expenditures (e.g., payroll, accounts payable, and materials & supplies categories)
    - Comparison of rate year budgeted vs. rate year actual to date
    - Comparison of calendar year budgeted vs. calendar year actual to date
    - Narrative on cost delta's exceeding 15% to date
    - Narrative on project design, permitting and/or construction status (including a detailed construction schedule for each project).
    - Inclusion of any new projects exceeding $1 million
    - Capital project Authorization documents for any projects exceeding $1 million that were authorized during the previous quarter

Annual Reports

- Summary of Capital Expenditures - Blankets, Regular Projects under $1.0 million and Regular Projects Over $1.0 million
- Summary of Capital Additions - Blankets, Regular Projects under $1.0 million and Regular Projects Over $1.0 million
- Blankets (detail listing) - comparison of actual expenditures vs. rate case expenditures
- Regular Projects less than $1.0 million (detail listing) - comparison of actual expenditures vs. rate case expenditures
- Regular Projects greater than $1.0 million (detailed listing) - comparison of actual expenditures vs. rate case expenditures

- Capital Projects Over $1.0 million that includes
    - Rate Case – In-service date
    - Projected in-service date
    - Breakdown of expenditures (e.g., payroll, accounts payable, and materials & supplies categories)
    - Comparison of rate year budgeted vs. rate year actual to date
    - Comparison of calendar year budgeted vs. calendar year actual to date
    - Narrative on cost delta’s exceeding 15% to date
    - Narrative on project design, permitting and/or construction status (including a detailed construction schedule for each project).
    - Inclusion of any new projects exceeding $1 million
    - Capital project Authorization documents for any projects exceeding $1 million that were authorized during the previous quarter

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Third Quarter Update**
**Summary of Electric Capital Expenditures**
**Nine Months Ending Rate Year 1**

| | Nine Mo. Ending Rate Year 1 | | | | |
|---|---|---|---|---|---|
| **Project Description** | **Rate Case Beginning Balance** | **Rate Case** | **Actual Beginning Balance** | **Actual** | **Variance** |
| Blankets | | **21,668.4** | | **21,668.4** | **-** |
| Regular Projects Under $1 Million | | **6,203.3** | | **6,203.3** | **-** |
| **Regular Projects Over $1 Million** | | | | | **-** |
| Monroe Substation Upgrade and UG Exits | | 1,629.5 | | 1,629.5 | **-** |
| Transmission Line 77A - Ramapo to Sugarloaf | | 3,568.0 | | 3,568.0 | **-** |
| Ramapo 138kV Terminal | | 694.0 | | 694.0 | **-** |
| Sugarloaf 138kV Substation | | 3,432.3 | | 3,432.3 | **-** |
| Little Tor Substation and UG Exits | | 3,769.0 | | 3,769.0 | **-** |
| Snake Hill Road Substation and UG Exits | | 4,271.0 | | 4,271.0 | **-** |
| Port Jervis Substation Upgrade and UG Exits | | 7,339.0 | | 7,339.0 | **-** |
| Transmission Line 18 Upgrade | | 621.0 | | 621.0 | **-** |
| Mirant | | 800.0 | | 800.0 | **-** |
| Spare 138 - 69kV 175MVA Transformer | | 6.0 | | 6.0 | **-** |
| Transmission Line 31 Upgrade | | 482.0 | | 482.0 | **-** |
| Pocatello Substation and UG Exits | | 2,263.0 | | 2,263.0 | **-** |
| Hartley Road Substation and UG Exits | | 2,273.5 | | 2,273.5 | **-** |
| Corporate Drive Substation, UG Exits and Transmission Tap | | 188.0 | | 188.0 | **-** |
| Tappan Substation and UG Exits | | 300.0 | | 300.0 | **-** |
| Sterling Forest Line 26 Transmission Tap | | 99.6 | | 99.6 | **-** |
| Spare 345 - 138kV 400MVA Transformer | | - | | - | **-** |
| Tranmission Line 24 and 25 Upgrade | | 1,494.0 | | 1,494.0 | **-** |
| New Hempstead Substation Upgrade and UG Exits | | - | | - | **-** |
| West Warwick Substation and UG Exits | | - | | - | **-** |
| Transmission Line - Wisner to West Warwick | | - | | - | **-** |
| Transmission Lines 55 and 551 Upgrade | | - | | - | **-** |
| Westtown Substation Upgrade and UG Exits | | - | | - | **-** |
| Transmission Line 6 Upgrade - Pocatello to Decker | | - | | - | **-** |
| Silver Lake Substation Upgrade | | - | | - | **-** |
| | | **33,229.9** | | **33,229.9** | **-** |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Third Quarter Update**
**Summary of Electric Plant Additions**
**Nine Months Ending Rate Year 1**

| Project Description | Rate Case | Actual | Variance |
|---|---|---|---|
| | Nine Mo. Ending Rate Year 1 | | |
| Blankets | **21,105.5** | **21,105.5** | **-** |
| Regular Projects Under $1 Million | **6,429.4** | **6,429.4** | **-** |
| **Regular Projects Over $1 Million** | | | |
| Monroe Substation Upgrade and UG Exits | 6,266.4 | 6,266.4 | **-** |
| Transmission Line 77A - Ramapo to Sugarloaf | 8,413.2 | 8,413.2 | **-** |
| Ramapo 138kV Terminal | 1,751.2 | 1,751.2 | **-** |
| Sugarloaf 138kV Substation | 5,171.0 | 5,171.0 | **-** |
| Little Tor Substation and UG Exits | 9,283.4 | 9,283.4 | **-** |
| Snake Hill Road Substation and UG Exits | - | - | **-** |
| Port Jervis Substation Upgrade and UG Exits | - | - | **-** |
| Transmission Line 18 Upgrade | - | - | **-** |
| Mirant | - | - | **-** |
| Spare 138 - 69kV 175MVA Transformer | - | - | **-** |
| Transmission Line 31 Upgrade | - | - | **-** |
| Pocatello Substation and UG Exits | - | - | **-** |
| Hartley Road Substation and UG Exits | - | - | **-** |
| Corporate Drive Substation, UG Exits and Transmission Tap | - | - | **-** |
| Tappan Substation and UG Exits | - | - | **-** |
| Sterling Forest Line 26 Transmission Tap | - | - | **-** |
| Spare 345 - 138kV 400MVA Transformer | - | - | **-** |
| Tranmission Line 24 and 25 Upgrade | - | - | **-** |
| New Hempstead Substation Upgrade and UG Exits | - | - | **-** |
| West Warwick Substation and UG Exits | - | - | **-** |
| Transmission Line - Wisner to West Warwick | - | - | **-** |
| Transmission Lines 55 and 551 Upgrade | - | - | **-** |
| | **30,885.1** | **30,885.1** | **-** |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Third Quarter Update**
**Electric Capital Project Expenditures Over $1 Million**
**Detailed Cost Breakdown**

| | | | Nine Mo. Ending Rate Year 1 | | | |
|---|---|---|---|---|---|---|
| **Project Description** | **Rate Case In Service Date** | **Projected Actual In Service Date** | **Payroll** | **Accounts Payable** | **Materials & Supplies** | **Total $** |
| Monroe Substation Upgrade and UG Exits | Oct-08 | Oct-08 | 1,937.0 | 4,764.1 | 643.2 | 7,344.3 |
| Transmission Line 77A - Ramapo to Sugarloaf | Dec-08 | Dec-08 | 150.0 | 8,049.7 | - | 8,199.7 |
| Ramapo 138kV Terminal | Dec-08 | Dec-08 | 187.6 | 1,509.9 | - | 1,697.5 |
| Sugarloaf 138kV Substation | Dec-08 | Dec-08 | 415.0 | 4,654.2 | - | 5,069.2 |
| Little Tor Substation and UG Exits | Feb-09 | Feb-09 | 1,340.0 | 7,574.6 | 340.0 | 9,254.6 |
| Snake Hill Road Substation and UG Exits | May-09 | May-09 | 1,950.0 | 6,928.9 | 685.0 | 9,563.9 |
| Port Jervis Substation Upgrade and UG Exits | May-09 | May-09 | 1,453.9 | 7,642.7 | 435.0 | 9,531.6 |
| Transmission Line 18 Upgrade | Jun-09 | Jun-09 | 50.0 | 1,450.0 | - | 1,500.0 |
| Lovett Closure | Jun-09 | Jun-09 | - | 1,850.0 | - | 1,850.0 |
| Spare 138 - 69kV 175MVA Transformer | Jun-09 | Jun-09 | 10.0 | 1,990.0 | - | 2,000.0 |
| Transmission Line 31 Upgrade | Dec-09 | Dec-09 | 72.0 | 1,455.3 | - | 1,527.3 |
| Pocatello Substation and UG Exits | Dec-09 | Dec-09 | 1,162.7 | 6,282.6 | 225.0 | 7,670.3 |
| Hartley Road Substation and UG Exits | Dec-09 | Dec-09 | 1,022.6 | 6,065.5 | 305.0 | 7,393.1 |
| Corporate Drive Substation, UG Exits and Transmission Tap | May-10 | May-10 | 1,938.0 | 7,052.0 | 810.0 | 9,800.0 |
| Tappan Substation and UG Exits | May-10 | May-10 | 1,484.0 | 6,716.0 | 450.0 | 8,650.0 |
| Sterling Forest Line 26 Transmission Tap | Sep-10 | Sep-10 | 176.0 | 3,440.6 | - | 3,616.6 |
| Spare 345 - 138kV 400MVA Transformer | Dec-10 | Dec-10 | 10.0 | 3,990.0 | - | 4,000.0 |
| Tranmission Line 24 and 25 Upgrade | Dec-10 | Dec-10 | 158.0 | 13,134.6 | - | 13,292.6 |
| New Hempstead Substation Upgrade and UG Exits | May-11 | May-11 | 517.0 | 7,005.0 | 460.0 | 7,982.0 |
| West Warwick Substation and UG Exits | Jun-11 | Jun-11 | 1,312.8 | 5,323.9 | 247.7 | 6,884.4 |
| Transmission Line - Wisner to West Warwick | Jun-11 | Jun-11 | 150.0 | 4,460.0 | - | 4,610.0 |
| Transmission Lines 55 and 551 Upgrade | Jun-11 | Jun-11 | 110.0 | 1,380.0 | - | 1,490.0 |
| Westtown Substation Upgrade and UG Exits | Sep-11 | Sep-11 | 210.0 | 1,710.0 | 180.0 | 2,100.0 |
| Transmission Line 6 Upgrade - Pocatello to Decker | Dec-11 | Dec-11 | 120.0 | 1,970.0 | - | 2,090.0 |
| Silver Lake Substation Upgrade | Dec-11 | Dec-11 | 160.0 | 1,195.0 | - | 1,355.0 |
| **Total** | | | | | | **$ 138,472.1** |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Capital Expenditures - Projects Over $1 Million**
**Detail Narrative - Forcasted vs. Actuals**

**Electric Capital Expenditures:**

| Project Description | Rate Case Beginning Balance | Actual Beginning Balance | Projected Expenditures To Complete | Total Final Projected Expenditures | Expenditures in Rate Case | Delta | Reason for difference | Calendar Year Budget | Calendar Year Actua | Project Update and Status | Projected Completion Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Transmission Line 60 Upgrade | | | | 10,712.2 | 8,470.0 | (2,242.2) | The project schedule was accelerated to complete and energized the project prior to the retirement of Mirant Lovett units 3 and 4. Additionally, the project scope expanded during construction to include the replacement of degradaded wood poles that were n | | | | |
| Tallman Substation Upgrade and UG Exits | | | | 6,652.6 | 5,734.2 | (918.4) | The project scope expanded to address routing concerns with the undergournd distribution circuit exits. There were also increased equipment and material costs, primarily due to the increased cost of copper for the cable, switchgear and transformers. | | | | |
| T/L 11 Upgrade Part 2 | | | | 12,478.0 | 14,095.7 | 1,617.7 | The best actual competitive bid for the successful Line Contractor for this project came in lower than anticipated due to competition i the industry for this type of project work. | | | | |
| Monroe Substation Upgrade & U/G Exits | | | | 7,564.9 | 6,635.2 | (929.7) | This project is presently under construction and the projected increase represents: (1) higher cable prices for the underground circuit exits, and (2) higher civil construction costs due to unanticipated interferance with buried structures during excavati | | | | |
| Snake Hill Road Substation & Underground Circuits | | | | 9,972.1 | 7,026.6 | (2,945.5) | This project is designed to provide service to the local area as well as a large industrial customer. The original estimate was based on a large customer contribution ($3.0M) to accept transmission service rates. The customer has reviewed the rates and ha | | | | |
| Port Jervis Substation Upgrade and UG Circuits | | | | 9,760.9 | 9,020.0 | (740.9) | The cost of the station increased due to the delays in the station construction, primarily caused by the delays in obtaining construction approvals for the transmission Line 11 rebuild project There were also changes in the scope of work as the station h | | | | |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Capital Expenditures**
**Rate Year 1**

| Project Description | Rate Case Beginning Balance | Rate Year 1 | Actual Beginning Balance | Actual | Variance |
|---|---|---|---|---|---|
| Blankets | | **29,756.5** | | **29,756.5** | **-** |
| Regular Projects Under $1 Million | | **8,721.6** | | **8,721.6** | **-** |
| **Regular Projects Over $1 Million** | | | | | **-** |
| Monroe Substation Upgrade and UG Exits | | 1,629.5 | | 1,629.5 | **-** |
| Transmission Line 77A - Ramapo to Sugarloaf | | 3,568.0 | | 3,568.0 | **-** |
| Ramapo 138kV Terminal | | 694.0 | | 694.0 | **-** |
| Sugarloaf 138kV Substation | | 3,432.3 | | 3,432.3 | **-** |
| Little Tor Substation and UG Exits | | 3,769.0 | | 3,769.0 | **-** |
| Snake Hill Road Substation and UG Exits | | 4,643.0 | | 4,643.0 | **-** |
| Port Jervis Substation Upgrade and UG Exits | | 8,409.5 | | 8,409.5 | **-** |
| Transmission Line 18 Upgrade | | 1,292.0 | | 1,292.0 | **-** |
| Mirant | | 1,850.0 | | 1,850.0 | **-** |
| Spare 138 - 69kV 175MVA Transformer | | 2,000.0 | | 2,000.0 | **-** |
| Transmission Line 31 Upgrade | | 872.0 | | 872.0 | **-** |
| Pocatello Substation and UG Exits | | 4,379.5 | | 4,379.5 | **-** |
| Hartley Road Substation and UG Exits | | 3,711.5 | | 3,711.5 | **-** |
| Corporate Drive Substation, UG Exits and Transmission Tap | | 1,224.0 | | 1,224.0 | **-** |
| Tappan Substation and UG Exits | | 616.0 | | 616.0 | **-** |
| Sterling Forest Line 26 Transmission Tap | | 414.6 | | 414.6 | **-** |
| Spare 345 - 138kV 400MVA Transformer | | - | | - | **-** |
| Tranmission Line 24 and 25 Upgrade | | 3,133.0 | | 3,133.0 | **-** |
| New Hempstead Substation Upgrade and UG Exits | | - | | - | **-** |
| West Warwick Substation and UG Exits | | - | | - | **-** |
| Transmission Line - Wisner to West Warwick | | - | | - | **-** |
| Transmission Lines 55 and 551 Upgrade | | - | | - | **-** |
| Westtown Substation Upgrade and UG Exits | | - | | - | **-** |
| Transmission Line 6 Upgrade - Pocatello to Decker | | - | | - | **-** |
| Silver Lake Substation Upgrade | | - | | - | **-** |
| | | **45,637.9** | | **45,637.9** | **-** |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Plant Additions**
**Rate Year 1**

| Project Description | Rate Year 1 | Actual | Variance |
|---|---|---|---|
| Blankets | **28,986.7** | **28,986.7** | **-** |
| Regular Projects Under $1 Million | **8,148.3** | **8,148.3** | **-** |
| **Regular Projects Over $1 Million** | | | |
| Monroe Substation Upgrade and UG Exits | 6,266.4 | 6,266.4 | - |
| Transmission Line 77A - Ramapo to Sugarloaf | 8,413.2 | 8,413.2 | - |
| Ramapo 138kV Terminal | 1,751.2 | 1,751.2 | - |
| Sugarloaf 138kV Substation | 5,171.0 | 5,171.0 | - |
| Little Tor Substation and UG Exits | 9,283.4 | 9,283.4 | - |
| Snake Hill Road Substation and UG Exits | 9,972.1 | 9,972.1 | - |
| Port Jervis Substation Upgrade and UG Exits | 9,760.9 | 9,760.9 | - |
| Transmission Line 18 Upgrade | 1,305.4 | 1,305.4 | - |
| Mirant | 1,850.7 | 1,850.7 | - |
| Spare 138 - 69kV 175MVA Transformer | 2,003.6 | 2,003.6 | - |
| Transmission Line 31 Upgrade | - | - | - |
| Pocatello Substation and UG Exits | - | - | - |
| Hartley Road Substation and UG Exits | - | - | - |
| Corporate Drive Substation, UG Exits and Transmission Tap | - | - | - |
| Tappan Substation and UG Exits | - | - | - |
| Sterling Forest Line 26 Transmission Tap | - | - | - |
| Spare 345 - 138kV 400MVA Transformer | - | - | - |
| Tranmission Line 24 and 25 Upgrade | - | - | - |
| New Hempstead Substation Upgrade and UG Exits | - | - | - |
| West Warwick Substation and UG Exits | - | - | - |
| Transmission Line - Wisner to West Warwick | - | - | - |
| Transmission Lines 55 and 551 Upgrade | - | - | - |
| | **55,777.8** | **55,777.8** | **-** |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Blanket Expenditures**
**Rate Year 1**

| Project Description | Rate Year 1 | Actual | Variance |
|---|---|---|---|
| Electric Distribution Blankets - OH | 7,892.3 | 7,892.3 | - |
| Electric Distribution Blankets - UG | 2,579.6 | 2,579.6 | - |
| Pole Inspection/Treatment Program | 522.8 | 522.8 | - |
| Transformers - OH | 4,869.1 | 4,869.1 | - |
| Transformers - UG | 1,800.7 | 1,800.7 | - |
| O/H Capital Tools Blanket | 85.0 | 85.0 | - |
| Electric Meter Purchases | 1,576.2 | 1,576.2 | - |
| T & S Engineerin Software/Hardware Bkt | 37.0 | 37.0 | - |
| Distrib Substation Automation Blanket | 200.0 | 200.0 | - |
| U/G Rebuild Blanket | 776.3 | 776.3 | - |
| U/G Gasification (Rehab) Blanket | 207.1 | 207.1 | - |
| Electric Meter 1st Install Bkt | 1,344.7 | 1,344.7 | - |
| Load Research Meters Bkt | 137.3 | 137.3 | - |
| Smart Grid Devices | 98.7 | 98.7 | - |
| Distribution Engineering Test Equip Bkt | 35.5 | 35.5 | - |
| Distribution Automation Blanket | 1,448.9 | 1,448.9 | - |
| OMS Hardware Blanket | 101.2 | 101.2 | - |
| Weather Station | 48.6 | 48.6 | - |
| Sale Of Scrap Blanket | (5.0) | (5.0) | - |
| PCB Oil Testing And Disposal Blanket | 103.0 | 103.0 | - |
| Smart Grid Pilot Project | 1,778.5 | 1,778.5 | - |
| Property Program | 1,000.0 | 1,000.0 | - |
| AMI - Electric Program | 1,509.4 | 1,509.4 | - |
| Electric Meter Dept. Misc. Equipment Bkt | 167.3 | 167.3 | - |
| Bank Metering Upgrade Blanket | 63.3 | 63.3 | - |
| Pole Butt Removal Blanket | 32.8 | 32.8 | - |
| Paving & Drainage Blanket | 71.4 | 71.4 | - |
| U/G Capital Tools Blanket | 53.6 | 53.6 | - |
| Gas Meter AMR Upgrade Program Bkt | 510.2 | 510.2 | - |
| Substation Department Blanket | 80.3 | 80.3 | - |
| Install Battery Banks Blanket | 34.2 | 34.2 | - |
| Relay Department Blanket | 42.0 | 42.0 | - |
| Purchase Relay Test Set Blanket | 67.2 | 67.2 | - |
| Substation Comm. Protection Bkt | 55.6 | 55.6 | - |
| Transmission Relay Upgrade Bkt | 155.7 | 155.7 | - |
| EMS Equipment Upgrade Blanket | 228.0 | 228.0 | - |
| Substation Small Equipment Blanket | 48.0 | 48.0 | - |
| | **29,756.5** | **29,756.5** | **-** |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Projects Under $1 Million Expenditures**
**Rate Year 1**

| Project Description | Rate Year 1 | Actual | Variance |
|---|---|---|---|
| Central Rockland - Subst Distrib Part 1 | - | - | - |
| Central Rockland - Subst Distrib Part 2 | - | - | - |
| Central Rockland - Subst Distrib Part 3 | - | - | - |
| Central Rockland - Subst Distrib Part 4 | - | - | - |
| Central Rockland - Subst Distrib Part 5 | - | - | - |
| Central Rockland - Subst Distrib Part 6 | - | - | - |
| Hartley Sub-Owens Rd-Sub to Philipsburg | 218.3 | 218.3 | - |
| Hartley Sub-Echo Lk Rd-Sub to Golf Links | 213.0 | 213.0 | - |
| Hartley Sub-Hartley Rd-Sub to Rt17M Dbl | - | - | - |
| Pocatello Transmission Tap | 99.0 | 99.0 | - |
| Pocatello New UG 69kV Line to Line 6 | 100.0 | 100.0 | - |
| Line 100 Upgrade | - | - | - |
| SVOC UPS C Battery Requirements | - | - | - |
| Mobile OMS | 250.0 | 250.0 | - |
| Sterling Forest Rd - Step to State Line | 40.2 | 40.2 | - |
| Benjamin Meadow Rd-Mombasha to Rt 210 | 35.2 | 35.2 | - |
| Recond 102-3-13 Rt 302-Rt17K to Cty Rt48 | - | - | - |
| Woodbury - Distribution Part 1 | 222.5 | 222.5 | - |
| Woodbury - Distribution Part 2 | 222.5 | 222.5 | - |
| Goshen Tnpk-Step to Midland Lakes Rd | 214.7 | 214.7 | - |
| Goshen Tnpk-Midland Lakes Rd to Rt 302 | 242.1 | 242.1 | - |
| Silver Lk Scotchtn Rd-Maltese Dr to Bert | - | - | - |
| Monsey 50MVA Banks & Switchgear | - | - | - |
| SVOC Circuit Backup from Monsey | 411.0 | 411.0 | - |
| Congers UG Circuit Exit Replacements | 315.8 | 315.8 | - |
| Hartley Road Transmission Tap | 105.0 | 105.0 | - |
| Blooming Grove Bank Upgrade & 2nd 35MVA Bk | - | - | - |
| Hunt 3rd Circuit Position | 258.0 | 258.0 | - |
| West Haverstraw Bank Upgrades | - | - | - |
| Ingrassia Rd-Rt 17M to Howells Rd Recond | - | - | - |
| Pomona - Distribution Part 1 | - | - | - |
| Pomona - Distribution Part 2 | - | - | - |
| Pomona - Distribution Part 3 | - | - | - |
| Pomona - Distribution Part 4 | - | - | - |
| Pocatello Rd-Sub to Kirbytown Rd 4th Ckt | 25.9 | 25.9 | - |
| Kirbytown Rd- Mt Orange to Wawayanda Ave | 61.0 | 61.0 | - |
| Washington Ave (New Square) Reconductor | 138.2 | 138.2 | - |
| Pocatello-Mt Hope Rd-Station to Cty Rd78 | 71.2 | 71.2 | - |
| Pocatello- Mt Hope-Station to Whipple Rd | 38.7 | 38.7 | - |
| Decker-Howells/Decker/Dosen Reconductor | - | - | - |
| Decker-Myer Rd/Properous Valley Rd Recon | - | - | - |
| Decker-Properous Valley Rd-Howells Tnpk | - | - | - |
| Decker-Properous Valley Rd Station-Rt 17 | - | - | - |
| Decker-VanBurenville to Dosen Rd Ingrasi | - | - | - |
| Black Meadow Rd-Station-Pine Hill Recond | - | - | - |
| Pine Hill/Hillside/Gotlet-Black Meadow | - | - | - |
| Blooming Grove - Additional Circuit Position | 4.2 | 4.2 | - |
| SG-Reservior Rd-South St to Conklingtn R | - | - | - |
| SG-Lower Reservor Rd-Sub to South St Dbl | - | - | - |
| SG-Clowes/W Main/Grand/Canal Reconductor | - | - | - |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Projects Under $1 Million Expenditures**
**Rate Year 1**

| Project Description | Rate Year 1 | Actual | Variance |
|---|---|---|---|
| Rt 42 - Peenpack Rd to End of Ckt Recond | 206.9 | 206.9 | - |
| Rt 42-End of Ckt to Old Plank Rd Recondu | 212.7 | 212.7 | - |
| Rt 42-New Vernon Rd-Winterton to Howells | - | - | - |
| Sparkill - William Street Double Circuit | 52.1 | 52.1 | - |
| Sparkill - Ferdon Ave Bogarttown Road | 125.8 | 125.8 | - |
| Silver Lake Ug Circuit Exit Tower Drive | 250.0 | 250.0 | - |
| Spare 138 x 69 - 13.2kV 35MVA Bank | 740.0 | 740.0 | - |
| Pocatell-Calif Ave Ext- Sub to Cty Rd 78 | 268.2 | 268.2 | - |
| Monroe Rd Hunt Subst to Rt 17A | 129.1 | 129.1 | - |
| Lybolt Rd Brimstone Hill Rd to Feiertag | 34.5 | 34.5 | - |
| B Grove Roundhill Rd Sub to Rt 208 Dbl C | - | - | - |
| KJ Forest Rd/Stevens Springs/Mntn Rd to | - | - | - |
| Midland Lakes Rd Baker Rd to Goshen Tnpk | - | - | - |
| Burlingham Rd-Na-Sho-Pa to Hamilton Rd | 216.5 | 216.5 | - |
| Ski-Run Rd-Burlingham Rd to Step | 148.3 | 148.3 | - |
| Cty Rt 48 - Rt 302 to Burlingham Rd | 342.9 | 342.9 | - |
| Hamilton Rd - Burlingham Rd to Cty Rt 48 | 155.0 | 155.0 | - |
| Westtown Ckt103-2-13 Unionville Conv Pt2 | 61.2 | 61.2 | - |
| Snake Hill Rd-W Nyack Rd Dbl Ckt&Rem 4kV | 58.3 | 58.3 | - |
| Snake Hill Rd - West Nyack Rd Double Ckt | 96.4 | 96.4 | - |
| Snake Hill Rd - RR ROW Removal & Convert | 71.5 | 71.5 | - |
| South Goshen Second 13.2kV-35MVA Bank | - | - | - |
| Snake Hill OH Transmission Tap | 159.5 | 159.5 | - |
| Congers Terminal - Relaying | 1.0 | 1.0 | - |
| West Nyack Terminal - Relaying | 1.0 | 1.0 | - |
| Queensboro-Mine Rd - Sub to Rt 9W Recond | - | - | - |
| Queensboro-Old Rt9W-Mine Rdto Rt9W Recon | - | - | - |
| Queensboro-Rt9W-Old Rt9W to Morgan Rd Re | - | - | - |
| Little Tor Transmission Tap | 161.0 | 161.0 | - |
| Burns Terminal - Relaying | 104.0 | 104.0 | - |
| West Haverstraw Terminal - Relaying | 104.0 | 104.0 | - |
| Stony Point UG - Two Circuit Exits | 500.0 | 500.0 | - |
| Tappan Transmission Tap | - | - | - |
| Old Orangeburg Rd- Lester Drive Backup | - | - | - |
| Cty Rt1-Pulaski Hwy to Pine Is Sub Recon | - | - | - |
| Ford Ckt 1 Ramapo Ave Recond & Convert | 33.7 | 33.7 | - |
| Ford Ckt 1 E Maple/Washington/Blvd Dbl C | 73.0 | 73.0 | - |
| Hillburn Substation Digital Fault Record | 40.0 | 40.0 | - |
| Electronic Map Boards for ECC/DCC | 263.6 | 263.6 | - |
| Burns L541 Fluid Sys. Upgrades | 3.0 | 3.0 | - |
| T/L 26 Upgrade | - | - | - |
| Line 18 Terminal at Rio | 304.9 | 304.9 | - |
| Lovett Pumping Plant Upgrades | 98.0 | 98.0 | - |
| Hillburn 138kV Yard | - | - | - |
| New Hempstead 32MVAR Cap Bank | - | - | - |
| Decker Switching Station | - | - | - |
| Ramapo Fire Suppression System Replacemt | 61.0 | 61.0 | - |
| EMS Expansion | 358.0 | 358.0 | - |
| | **8,721.6** | **8,721.6** | - |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Projects Over $1 Million Expenditures**
**Rate Year 1**

| Project Description | Rate Year 1 | Actual | Variance |
|---|---|---|---|
| Monroe Substation Upgrade and UG Exits | 1,629.5 | 1,629.5 | - |
| Transmission Line 77A - Ramapo to Sugarloaf | 3,568.0 | 3,568.0 | - |
| Ramapo 138kV Terminal | 694.0 | 694.0 | - |
| Sugarloaf 138kV Substation | 3,432.3 | 3,432.3 | - |
| Little Tor Substation and UG Exits | 3,769.0 | 3,769.0 | - |
| Snake Hill Road Substation and UG Exits | 4,643.0 | 4,643.0 | - |
| Port Jervis Substation Upgrade and UG Exits | 8,409.5 | 8,409.5 | - |
| Transmission Line 18 Upgrade | 1,292.0 | 1,292.0 | - |
| Mirant | 1,850.0 | 1,850.0 | - |
| Spare 138 - 69kV 175MVA Transformer | 2,000.0 | 2,000.0 | - |
| Transmission Line 31 Upgrade | 872.0 | 872.0 | - |
| Pocatello Substation and UG Exits | 4,379.5 | 4,379.5 | - |
| Hartley Road Substation and UG Exits | 3,711.5 | 3,711.5 | - |
| Corporate Drive Substation, UG Exits and Transmission Tap | 1,224.0 | 1,224.0 | - |
| Tappan Substation and UG Exits | 616.0 | 616.0 | - |
| Sterling Forest Line 26 Transmission Tap | 414.6 | 414.6 | - |
| Spare 345 - 138kV 400MVA Transformer | - | - | - |
| Tranmission Line 24 and 25 Upgrade | 3,133.0 | 3,133.0 | - |
| New Hempstead Substation Upgrade and UG Exits | - | - | - |
| West Warwick Substation and UG Exits | - | - | - |
| Transmission Line - Wisner to West Warwick | - | - | - |
| Transmission Lines 55 and 551 Upgrade | - | - | - |
| Westtown Substation Upgrade and UG Exits | - | - | - |
| Transmission Line 6 Upgrade - Pocatello to Decker | - | - | - |
| Silver Lake Substation Upgrade | - | - | - |
| | **45,637.9** | **45,637.9** | **-** |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Projects Over $1 Million Additions**
**Rate Year 1**

| Project Description | Rate Year 1 | Actual | Variance |
|---|---|---|---|
| Monroe Substation Upgrade and UG Exits | 6,266.4 | 6,266.4 | - |
| Transmission Line 77A - Ramapo to Sugarloaf | 8,413.2 | 8,413.2 | - |
| Ramapo 138kV Terminal | 1,751.2 | 1,751.2 | - |
| Sugarloaf 138kV Substation | 5,171.0 | 5,171.0 | - |
| Little Tor Substation and UG Exits | 9,283.4 | 9,283.4 | - |
| Snake Hill Road Substation and UG Exits | 9,972.1 | 9,972.1 | - |
| Port Jervis Substation Upgrade and UG Exits | 9,760.9 | 9,760.9 | - |
| Transmission Line 18 Upgrade | 1,305.4 | 1,305.4 | - |
| Mirant | 1,850.7 | 1,850.7 | - |
| Spare 138 - 69kV 175MVA Transformer | 2,003.6 | 2,003.6 | - |
| Transmission Line 31 Upgrade | - | - | - |
| Pocatello Substation and UG Exits | - | - | - |
| Hartley Road Substation and UG Exits | - | - | - |
| Corporate Drive Substation, UG Exits and Transmission Tap | - | - | - |
| Tappan Substation and UG Exits | - | - | - |
| Sterling Forest Line 26 Transmission Tap | - | - | - |
| Spare 345 - 138kV 400MVA Transformer | - | - | - |
| Tranmission Line 24 and 25 Upgrade | - | - | - |
| New Hempstead Substation Upgrade and UG Exits | - | - | - |
| West Warwick Substation and UG Exits | - | - | - |
| Transmission Line - Wisner to West Warwick | - | - | - |
| Transmission Lines 55 and 551 Upgrade | - | - | - |
| | **55,777.8** | **55,777.8** | **-** |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Capital Project Expenditures Over $1 Million**
**Detailed Cost Breakdown**

| Project Description | Rate Case In Service Date | Projected Actual In Service Date | Rate Year 1 Payroll | Rate Year 1 Accounts Payable | Rate Year 1 Materials & Supplies | Total $ |
|---|---|---|---|---|---|---|
| Monroe Substation Upgrade and UG Exits | Oct-08 | Oct-08 | 1,937.0 | 4,764.1 | 643.2 | 7,344.3 |
| Transmission Line 77A - Ramapo to Sugarloaf | Dec-08 | Dec-08 | 150.0 | 8,049.7 | - | 8,199.7 |
| Ramapo 138kV Terminal | Dec-08 | Dec-08 | 187.6 | 1,509.9 | - | 1,697.5 |
| Sugarloaf 138kV Substation | Dec-08 | Dec-08 | 415.0 | 4,654.2 | - | 5,069.2 |
| Little Tor Substation and UG Exits | Feb-09 | Feb-09 | 1,340.0 | 7,574.6 | 340.0 | 9,254.6 |
| Snake Hill Road Substation and UG Exits | May-09 | May-09 | 1,950.0 | 6,928.9 | 685.0 | 9,563.9 |
| Port Jervis Substation Upgrade and UG Exits | May-09 | May-09 | 1,453.9 | 7,642.7 | 435.0 | 9,531.6 |
| Transmission Line 18 Upgrade | Jun-09 | Jun-09 | 50.0 | 1,450.0 | - | 1,500.0 |
| Lovett Closure | Jun-09 | Jun-09 | - | 1,850.0 | - | 1,850.0 |
| Spare 138 - 69kV 175MVA Transformer | Jun-09 | Jun-09 | 10.0 | 1,990.0 | - | 2,000.0 |
| Transmission Line 31 Upgrade | Dec-09 | Dec-09 | 72.0 | 1,455.3 | - | 1,527.3 |
| Pocatello Substation and UG Exits | Dec-09 | Dec-09 | 1,162.7 | 6,282.6 | 225.0 | 7,670.3 |
| Hartley Road Substation and UG Exits | Dec-09 | Dec-09 | 1,022.6 | 6,065.5 | 305.0 | 7,393.1 |
| Corporate Drive Substation, UG Exits and Transmission Tap | May-10 | May-10 | 1,938.0 | 7,052.0 | 810.0 | 9,800.0 |
| Tappan Substation and UG Exits | May-10 | May-10 | 1,484.0 | 6,716.0 | 450.0 | 8,650.0 |
| Sterling Forest Line 26 Transmission Tap | Sep-10 | Sep-10 | 176.0 | 3,440.6 | - | 3,616.6 |
| Spare 345 - 138kV 400MVA Transformer | Dec-10 | Dec-10 | 10.0 | 3,990.0 | - | 4,000.0 |
| Tranmission Line 24 and 25 Upgrade | Dec-10 | Dec-10 | 158.0 | 13,134.6 | - | 13,292.6 |
| New Hempstead Substation Upgrade and UG Exits | May-11 | May-11 | 517.0 | 7,005.0 | 460.0 | 7,982.0 |
| West Warwick Substation and UG Exits | Jun-11 | Jun-11 | 1,312.8 | 5,323.9 | 247.7 | 6,884.4 |
| Transmission Line - Wisner to West Warwick | Jun-11 | Jun-11 | 150.0 | 4,460.0 | - | 4,610.0 |
| Transmission Lines 55 and 551 Upgrade | Jun-11 | Jun-11 | 110.0 | 1,380.0 | - | 1,490.0 |
| Westtown Substation Upgrade and UG Exits | Sep-11 | Sep-11 | 210.0 | 1,710.0 | 180.0 | 2,100.0 |
| Transmission Line 6 Upgrade - Pocatello to Decker | Dec-11 | Dec-11 | 120.0 | 1,970.0 | - | 2,090.0 |
| Silver Lake Substation Upgrade | Dec-11 | Dec-11 | 160.0 | 1,195.0 | - | 1,355.0 |
| **Total** | | | | | | **$ 138,472.1** |

**Orange and Rockland Utilities, Inc.**
**Electric Rate Case - Annual Update**
**Electric Capital Expenditures - Projects Over $1 Million**
**Detail Narrative - Forcasted vs. Actuals**

**Electric Capital Expenditures:**

| Project Description | Rate Case Beginning Balance | Actual Beginning Balance | Projected Expenditures To Complete | Total Final Projected Expenditures | Expenditures in Rate Case | Delta | Reason for difference | Calendar Year Budget | Calendar Year Actua | Project Update and Status | Projected Completion Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Transmission Line 60 Upgrade | | | | 10,712.2 | 8,470.0 | (2,242.2) | The project schedule was accelerated to complete and energized the project prior to the retirement of Mirant Lovett units 3 and 4. Additionally, the project scope expanded during construction to include the replacement of degradaded wood poles that were n | | | | |
| Tallman Substation Upgrade and UG Exits | | | | 6,652.6 | 5,734.2 | (918.4) | The project scope expanded to address routing concerns with the undergournd distribution circuit exits. There were also increased equipment and material costs, primarily due to the increased cost of copper for the cable, switchgear and transformers. | | | | |
| T/L 11 Upgrade Part 2 | | | | 12,478.0 | 14,095.7 | 1,617.7 | The best actual competitive bid for the successful Line Contractor for this project came in lower than anticipated due to competition i the industry for this type of project work. | | | | |
| Monroe Substation Upgrade & U/G Exits | | | | 7,564.9 | 6,635.2 | (929.7) | This project is presently under construction and the projected increase represents: (1) higher cable prices for the underground circuit exits, and (2) higher civil construction costs due to unanticipated interferance with buried structures during excavati | | | | |
| Snake Hill Road Substation & Underground Circuits | | | | 9,972.1 | 7,026.6 | (2,945.5) | This project is designed to provide service to the local area as well as a large industrial customer. The original estimate was based on a large customer contribution ($3.0M) to accept transmission service rates. The customer has reviewed the rates and ha | | | | |
| Port Jervis Substation Upgrade and UG Circuits | | | | 9,760.9 | 9,020.0 | (740.9) | The cost of the station increased due to the delays in the station construction, primarily caused by the delays in obtaining construction approvals for the transmission Line 11 rebuild project There were also changes in the scope of work as the station h | | | | |

Appendix I

Orange and Rockland Utilities, Inc.
Case 07-E-1949
Amortization of Regulatory Deferrals (Credits & Debits)
$ 000's

| Electric Operations | Twelve Months Ending June 30, 2009 | 2010 | 2011 | Total |
|---|---|---|---|---|
| Amortization of R&D | $ 113,334 | $ 113,334 | $ 113,334 | 340,002 |
| Amort. Of Asbestos Claims | 170,000 | 170,000 | 170,000 | 510,000 |
| MGP Sites Recovery | 4,047 | 5,478 | 5,570 | 15,095 |
| West Nyack Recovery | 64 | 64 | 64 | 192 |
| Amortization of Deferred Pension Costs | 2,148,000 | 2,148,000 | 2,148,000 | 6,444,000 |
| Amortization of OPEB Transitional Obligation | 1,817,000 | 1,817,000 | 1,817,000 | 5,451,000 |
| Amortization of Deferred OPEB Costs | 3,686,000 | 3,686,000 | 3,686,000 | 11,058,000 |
| Competitive Unbundling - Customer Information | 12,000 | 12,000 | 12,000 | 36,000 |
| Medicare Part D Tax Benefit Amortization | (1,583,000) | (1,583,000) | (1,583,000) | (4,749,000) |
| Property Tax Refunds | (228) | (228) | (228) | (684) |

Appendix J

Orange and Rockland Utilities, Inc.

Case 07-E-1949

O&M expenses subject to inflation

$ 000's

| | Twelve Months Ending June 30, | | |
|---|---|---|---|
| | 2009 | 2010 | 2011 |
| Direct Labor | $ 43,092 | $ 44,504 | $ 45,699 |
| Shared Services | 9,123 | 9,315 | 9,511 |
| Employee and Other Insurance Costs | 8,553 | 8,780 | 8,982 |
| T&D O&M (Excluding Tree Trimming) | 8,765 | 8,950 | 9,138 |
| Regulatory Commission Expenses | 1,339 | 1,367 | 1,396 |
| Other O&M Costs | | | |
| Advertising | 546 | 557 | 569 |
| Information Technology Solutions | 2,302 | 2,539 | 2,776 |
| Legal & Other Professional Services | 812 | 829 | 846 |
| Rents | 1,111 | 1,134 | 1,158 |
| Materials and Supplies | 934 | 954 | 974 |
| Corporate Fiscal | 1,081 | 1,104 | 1,127 |
| Other O&M | 5,799 | 5,921 | 6,045 |

Appendix K

Orange and Rockland Utilities, Inc.
Case 07-E-1949
Pollution Control Debt

| | Issue Date | Maturity Date | Amount Outstanding | Expense of Issuance | Net Proceeds | Effective Cost of Money | Effective Annual Cost |
|---|---|---|---|---|---|---|---|
| 1994, 6.09% | 10/1/94 | 10/1/14 | 55,000,000 | 4,544,524 | 50,455,476 | 6.85% | $ 3,767,500 |
| 1995, Variable Rate | 8/1/95 | 8/1/15 | 44,000,000 | 3,571,683 | 40,428,317 | 3.57% | 1,570,800 |
| | | | 99,000,000 | | | 5.39% | 5,338,300 |
| | | | Allocation to Electric * | | | | 65% |
| | | | Annual Target | | | | $ 3,469,900 |

* To be updated monthly for actual electric / gas plant split.

**ORANGE AND ROCKLAND UTILITIES, INC.**
**Electric Base Rate Case 07-E-0949**
**Settlement Position - Labor (a)**

Appendix L

| | Rate Year 1 | | Rate Year 2 | | Rate Year 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Weekly Employees:** | # of positions | | # of positions | | # of positions | | # of positions | |
| Specialized Field Technicians | 4 | $ 198,831 | | $ 203,802 | | $ 208,897 | 4 | $ 611,530 |
| OHD Linemen | 2 | 72,358 | | 74,167 | | 76,021 | 2 | 222,546 |
| Drafting Technicians | 1 | 17,698 | 1 | 35,838 | | 36,734 | 2 | 90,270 |
| Service Layout Estimator | | | 1 | 49,315 | | 50,548 | 1 | 99,863 |
| **Monthly Employees:** | | | | | | | | |
| Field Technician Supervisor | 1 | 85,527 | | 87,665 | | 89,857 | 1 | 263,049 |
| Division Engineer | 1 | 90,563 | | 92,827 | | 95,147 | 1 | 278,537 |
| Reliability Engineer | 1 | 55,628 | | 57,019 | | 58,444 | 1 | 171,091 |
| Work Management System (WMS) Support Specialist | 1 | 43,511 | | 53,453 | | 54,789 | 1 | 151,753 |
| Compliance Specialist | 1 | 52,149 | | 53,453 | | 54,789 | 1 | 160,391 |
| Community Relations Manager | 1 | 43,625 | | 44,716 | | 45,834 | 1 | 134,175 |
| System Specialist | 1 | 43,625 | | 44,716 | | 45,834 | 1 | 134,175 |
| Electric Engineers- Career Development Rotation Program | 1 | 55,626 | | 57,016 | 1 | 58,442 | 2 | 171,084 |
| Environmental Remediation Project Manager | 1 | 79,237 | | 81,218 | | 83,248 | 1 | 243,703 |
| Customer Programs Analyst | 1 | 35,446 | | 36,332 | | 37,240 | 1 | 109,018 |
| Labor Relations Administrator | | | 1 | 43,625 | | 44,716 | 1 | 88,341 |
| Training Specialist | | | | | 1 | 43,625 | 1 | 43,625 |
| Mobile Workforce Administrator | | | 1 | 31,289 | | 64,143 | 1 | 95,432 |
| Mobile Workforce Systems Analyst | | | | | 1 | 62,579 | 1 | 62,579 |
| System Specialists (ECC Oper Suprt) | | | 2 | 118,208 | | 121,162 | 2 | 239,370 |
| Supervisor (LTS) | | | 1 | 57,572 | | 59,012 | 1 | 116,584 |
| | 17 | $ 873,824 | 7 | $ 1,222,231 | 3 | $ 1,391,061 | 27 | $ 3,487,116 |

(a) Dollar amounts represent electric operation and maintainence portion only including wage increase.
(b) Excludes incremental positions for Smart Grid program that will be capitalized.

**ORANGE AND ROCKLAND UTILITIES, INC.**
Electric Base Rate Case 17-E-0949
Settlement Detail - Additional Employee Positions

**Appendix L**

**Specialized Field Technicians - 4 positions**
**Field Technician Supervisor – 1 position**
**Division Engineer – 1 position**
As discussed in Mr. Regan's Direct Testimony (p. 27), O&R will establish a new work group dedicated to Field Automation Technology Support. The addition of four new full time specialized field technicians, a new Supervisor and Division Engineer are required to support the continued expansion of the Company's existing distribution automation program, deployment of Smart Grid devices to the distribution system and the field communications systems required. The number and complexity of automatic and technically advanced devices on the distribution system and their protective coordination continues to increase annually. The need to focus new workers specifically dedicated to the commissioning, troubleshooting, repair, and maintenance of these units is essential, especially with the program acceleration planned to improve reliability. Also, the complexity and variability of the control systems from manufacturer to manufacturer, even with open architecture as a standard, requires that employees charged with maintaining and repairing these devices, have an increasingly sophisticated skill set to assure interoperability.

**Overhead Linemen – 2 positions**
As stated in Mr. Kosior's Rebuttal Testimony (p. 3), the additional overhead linemen positions are required to reflect the employee count for the Electric Operations Department that was approved by the Commission's Order Setting Permanent Rates, Reconciling Overpayments During Temporary Rate Period, and Establishing Disposition of Property Tax Refunds issued October 18, 2007 in Case 06-E-1433 ("Temporary Rate Order").

The Company is facing a challenging situation in training and maintaining a qualified contingent of electric overhead and underground linemen. In an attempt to overcome the challenges of an aging workforce, year 2008 pension plan enhancements that are expected to result in a large number of retirements during the calendar year 2008, and a shortage of qualified candidates in the general population for this type of work, the Company has, and will continue to conduct annual line schools. The first overhead line school scheduled for 2008 began on March 17, 2008 and is currently ongoing. While the total personnel count of the Electric Operations Department may fluctuate during the rate year, the Company fully expects that it will attain, at a minimum, an average of at least 212 positions in the Electric Operations Department.

**<u>Drafting Technicians – 2 positions</u>**

As discussed in Mr. Regan's Rebuttal Testimony (p. 11), the employee level of the Design / Drafting Department in the 1980's was at 15 full time equivalent ("FTE") employees. This was the last period of significant transmission and substation construction activity within the Company's service territory. Through the early 1990's, this headcount was reduced through attrition to its present level of eight FTE's. Department capital workload during the 1990's, and up until a few years ago, was on average one major substation project annually, with no capital transmission projects. Within the past few years, the capital project workload has on average increased to four major substation projects annually, as well as a stepped up and ongoing effort to upgrade the transmission system throughout the service territory. In addition to the ongoing transmission upgrades, there are seven major substation projects that require design packages in 2008. With the projected capital budget requirements, the project workload for Design / Drafting moving forward will continue to increase and has reached the point where the existing in-house Design / Drafting resources must be increased to address the escalating workload and expanding capital budget project requirements. To exacerbate this situation, the Design / Drafting Department also is facing significant attrition issues. Based on work and manpower plans forecasted for this Department, the Company requires two new Design / Drafters to address the increased Department workload.

**<u>Service Layout Estimator - 1 position</u>**

As stated in Mr. Regan's Rebuttal Testimony (p.)15, the Line Technical Services ("LTS") group has offices in Spring Valley, Blooming Grove and Middletown, New York, and handles projects geographically in a way that mirrors the geographic functionality of the Company's Operations Department. The structure of the group is set up with the manager and five estimators in Spring Valley, a supervisor and two estimators in Blooming Grove, and a supervisor and an estimator in Middletown. The Company's expanding capital budget has substantially increased the workload for distribution design projects in the LTS Department. Moreover, there are significant attrition issues that will challenge this group. Four of the eight existing Estimators can retire today, and within the next four years, five Estimators and both supervisors will be eligible for retirement. The near term attrition of 50% of LTS personnel not only will result in the loss of most of their talent and experience, but also impede their ability to meet scheduled capital project commitments and general work orders and other work requirements utilized by the Company's line forces on a daily basis. There will be a severe lack of qualified personnel available to complete the day to day work, as well as to train any new hires for both the Estimator and Supervisor positions.

The estimator position requires extensive knowledge of the overhead and underground systems including pole sizing, clearances, guying, conductor spans along with the ability to size transformers and conductors and be able to input projects into the Company's Work Management System and other associated computer programs. It takes approximately three years for a new hire to be proficient at the estimator position. Based on forecasted work and manpower plans, the Company has determined that one incremental new LTS Estimator position will be required.

**Reliability Engineer - 1 position**

As stated in Mr. Regan's Direct Testimony (p. 36), reliability of the electric system is of the utmost concern and priority for the Company. While there are many facets to implementing an effective reliability program, paramount is to better understand the types and causes of outages, and what programs are available, or can be defined, for minimizing future occurrences, particularly for those that are having the greatest impact on the frequency of outages. To create this "understanding", sufficient and valid data must be collected and analyzed. With new tools available for visualizing outage data, for recording data (e.g., field mobile data terminals, outage management system improvements), and for accessing improved sources of data (e.g., "smart" relays, tools, sensors and localized weather stations), the Company is seeking to become more proactive in the area of developing meaningful programs to better anticipate and react to system events and thereby significantly improve reliability performance.

Now that more tools are becoming available, additional staffing is required, dedicated to addressing issues associated with collecting, recording, analyzing, and acting on dynamic as well as historical outage data. To address this, the Company is proposing to add a reliability engineer/analyst, whose principal tasks would be to:

- Determine what information is necessary to make accurate dynamic and historical assessment of root causes for outages;

- Assess the adequacy of existing processes and tools to collect and record this data;

- Determine appropriate media for optimum analysis once the data is collected;

- Determine programs to address and prioritize infrastructure problems after analysis, and appropriate responses moving forward, including operating strategy and procedures, training issues, equipment issues, and construction standards review and modifications;

- Review existing programs and develop new programs to cost effectively improve service reliability and reduce SAIFI; and

- Create analysis techniques for evaluating the effectiveness of ongoing programs.

The new reliability engineer would lead, and work closely with, a team of key people from Electric Operations, Substation Operations, and Electrical Engineering to jointly develop, maintain and improve the processes and program described above.

**WMS Support Specialist - 1 position**

As noted in Mr. Regan's Direct Testimony (p. 40), the Company will be making significant improvements to its Work Management System ("WMS") over the course of the next two to three years. WMS is a mission critical system used by all of the Operations field forces to manage, report and control costs on their daily work activity.

At the present time, only one individual is engaged in a full time role of WMS strategy and support. In order to provide the resources to properly administer, manage, and promote this system, and provide adequate backup support for this critical function, the Company will add a WMS Technical Support Specialist. This Technical Support Specialist will provide the added ability to deliver guidance and training to all users of the existing system. Management of each operational area will be made fully aware of all functionalities available in WMS, and the tools in place in WMS that allow for the effective management of the workforce and processes, and uncover any deviations from the established norms.

The addition of this Technical Support Specialist is also critical to provide resources necessary to expand and improve the present capabilities of the system. WMS is a mainframe based system with old technology user accessibility. The Company has identified the need for a major effort to improve WMS by transforming its user interface to a more intuitive and user-friendly web based format.

**Compliance Specialist – 1 position**

As stated in Mr. Regan's Direct Testimony (p. 41), the Company will add a Compliance Specialist in order to address the initial and ongoing fulfillment of all applicable requirements of any mandatory reliability standards established and enforceable under the authority of the Electric Reliability Organization ("ERO"), which is the North American Electric Reliability Corporation ("NERC"), and the Federal Energy Regulatory Commission ("FERC"), as well as address future reliability rule changes promulgated by the New York State Reliability Council ("NYSRC") and the New York Independent System Operator ("NYISO"). The need for a Compliance Specialist is a direct result of Section 39.2 of FERC Order 672, 18 C.F.R. § 39.2 (April 19, 2007) that requires each owner, operator, and user of the bulk power system to register with the ERO and the appropriate

Regional Entities.  Being listed in the NERC Compliance Registry indicates that an entity is subject to compliance with the NERC reliability standards that have been approved by the FERC.

**Community Relations Manager – 1 position**

As stated in Mr. Kosior's Direct Testimony (p. 7), Community Relations Managers play a vital role in communication with elected officials and community leaders involving service reliability, vegetation management, storm response, and safety. There is currently one Community Relations Manager working out of the Company's facility in Middletown, NY.  That employee has responsibility for northern and western Orange County and Sullivan County in NY.  The workload in the western Orange County/Port Jervis area has increased significantly as a result of a number of Company infrastructure projects in that area that require extensive community outreach and education, particularly the construction of the Port Jervis substation, the rebuilding of transmission Line 11, and the planned remediation of the Company's former Manufactured Gas Plant ("MGP") site in Port Jervis.

The Community Relations Manager for the area will be expected to complete an assessment of the impacts of Company projects on the community.  In addition, the Company's efforts to expand gas use in Orange County will require a comprehensive outreach and education program.  Finally, another area requiring more intensified Community Relations efforts is the Company's Sullivan County, NY service territory which is expected to experience significant growth over the next several years.

An increased Community Relations focus in these areas will serve the customer, the community, and the Company through increased communication and interaction with community leaders, more extensive community education concerning the Company's building plans and the resulting community impact, and more direct feedback from the community to the Company.  The new manager also will serve as a Community Response Team ("CRT") liaison to this area and work closely with the Offices of Emergency Management.

Managing these expanded community outreach and communications activities requires an additional Community Relations Manager.

**System Specialist (Call Center) – 1 position**

As discussed in Mr. Kosior's Direct Testimony (p. 8), reliance on round-the-clock technology is critical to the operation of the Company's Customer Call Center. After reviewing the Commission's recommendations following the Con Edison Long Island City incident, the Company determined to update and improve the O&R customer call management systems.  The System Specialist position will be responsible for initiating, installing, and managing expanded and enhanced technology for the Company's Customer Call Center. These improvements would include expanding the incoming call capabilities of the Voice Response Unit ("VRU") by adding lines and possibly implementing speech technology. Improved communication between the VRU and the Outage Management System also will be investigated in order to provide the ability to contact customers with updated restoration times and other outage related information in a more timely and efficient fashion. In addition, the proposed System Specialist will assist with the maintenance of remote locations that would be used to mobilize the Call Center staff more effectively in an emergency. The System Specialist will oversee the call forecasting system, which is a system that analyzes historical call data and utilizes such data to forecast the necessary staffing requirements to provide optimum customer call response time. Managing this technology initiative requires the addition of a System Specialist.

**Electrical Engineer-Career Development Program**

As stated in Mr. Regan's Direct Testimony (p. 38), the Company will be implementing a new Electric Operations Career Development program, which will add new electrical engineers who will be placed within the Electrical Engineering and Electric Operations organization. These new engineers will participate in rotational assignments in various positions that will allow them to develop and follow a career path that will prepare them for future technical and managerial challenges. The Company has recognized that attrition is currently a major concern. If left unaddressed, this can and will have significant effects on the talent, knowledge and experience that is necessary to plan, design and operate the electric delivery system. The organizations within the Company's Operations Organization that will provide rotational assignments will include Electric Operations, Distribution Engineering and System Operations. This will give the rotational assignees the substantial background and experience needed to develop them for the future. This also will provide for a more highly educated and technically competent workforce in each of these areas, which is becoming an ever-increasingly important requirement as the technical complexity of the electric delivery system, and its design and operation, continues to escalate. Each Department will prescribe a career path for their organization with rotational assignments in the other identified organizations, as well as short stay exposure periods in several other areas of the Company.

**Environmental Remediation Project Manager – 1 position**

As stated in Mr. Kosior's Direct Testimony (p. 9), the Environmental Department provides oversight and management of all environmental transmission and distribution related matters, which include emergency spill response, regulatory compliance, permitting, hazardous and non-hazardous waste management, natural resource management, petroleum bulk storage, Environmental Health and Safety Plan ("EHASP") reviews and related training. In addition, the Environmental Department is responsible for management of the investigation and remediation of the Company's seven MGP sites and the West Nyack Operating Center (a State Superfund Site), which are under Consent Order with NYSDEC. In addition to managing the day to day activities of the Environmental Department, the Manager has been solely responsible for project management and oversight of the Company's MGP/Remediation programs.

Oversight of these remedial activities has become increasingly complex relative to remedial design issues, property purchase strategies, public concerns and regulatory pressure to complete investigations, design and remediation. In addition, both the complexity and scope of the MGP program and ever increasing demands to support environmental transmission and distribution activities have increased substantially. Requirements for the Environmental Department to support and provide oversight to the Company's expansion and upgrade of the electric and gas system have been significant. In order to support the Company's capital projects, the Environmental Department will be required to provide staff resources and direct contractors to conduct site assessments, property acquisitions and permitting requirements. The Environmental Department also manages the increasing volume of wastes (both hazardous and non hazardous) associated with the Company's ongoing operations.

Managing these growing environmental responsibilities requires the addition of one Environmental Remediation Project Manager.

**Customer Programs Analyst – 1 position**

As discussed in Ms. Quin's Direct Testimony (p. 7), the Energy Services/Retail Access Department has witnessed a surge in workload over the past year and, consequently, the Company proposes to add a Customer Programs Analyst to the Department, which has been combined into the Customer Energy Services Department. The Customer Energy Services Department staff perform a multitude of roles, including electronic data interchange ("EDI") testing for new ESCOs; ESCO billing for energy deliveries; ESCO scheduling and balancing for energy deliveries; ESCO training regarding the Company's systems and requirements; accounting for the Company's low income programs and for remittances of Societal Benefits Charges to the New York State Energy Research and Development Authority and the reporting of various retail access and load data to the Commission and the New York Independent System Operator.

Although retail access migration has been relatively stable, the Company has been enrolling new ESCOs at a rate not seen since the beginning of the Company's retail choice program. Each new enrolling ESCO must progress through two phases of the EDI testing prescribed by the Commission – a process that can be laborious and time consuming depending upon the skills of the ESCO or its testing agent. Also, for each new applicant, the Company must respond to inquiries, process applications and agreements, and examine creditworthiness. The addition of new ESCOs also increases the workload for ESCO billing and scheduling and balancing.

With regard to regulatory tasks, the Department has participated in a number of on-going generic proceedings initiated by the Commission within the past several year, including the Commission's review of retail access policies in Case 07-M-0458, and more recently, the Commission's examination of ESCO marketing practices and potential revisions to the Uniform Business Practices in Case 07-M-1514 and 98-M-1343. The additional Customer Programs Analyst will assist the Company in preparing for regulatory proceedings and coordinating the input of various Departments within the Company in the active proceedings.

In response to customer concerns regarding energy supply prices, the Department has increased substantially its retail access and energy efficiency outreach and education efforts over the past year. The Department has developed outreach materials, including some foreign language materials, on its retail access program and on weatherization and using appliances efficiently. The Department has partnered with the Company's Corporate Communications Department in promoting the Company's "Change a Light, Change the World" campaign and has given dozens of presentations to schools, community organizations and civic groups on retail access and energy efficiency. These efforts are critical to the Company's goal of maintaining customer satisfaction levels, particularly in view of increasing energy costs related to the volatility of the commodity markets.

This increase in retail access work attributable to new ESCO participation in the service territory; the increase in regulatory work load due to new Commission proceedings; the demand of keeping current on the day-to-day responsibilities, many of which are time sensitive and cannot be delayed or postponed; and the challenges faced with maintaining customer satisfaction in the face of increasing commodity costs necessitate the addition of a one new staff positions in the Customer Energy Services Department.

**Labor Relations Administrator – 1 position**

As detailed in the Rebuttal Testimony (p. 4) of Mr. Kosior in this proceeding, the Company currently has one full time position, the Director of Labor Relations, which is responsible for all aspects of corporate labor relations, from the high level policy setting and administration of this function to the record-keeping and clerical tasks associated with all labor relations activities. There is currently no assistance available to this position, either professional or clerical.

The broad categories of responsibilities of the Director of Labor Relations include formulating Company-wide labor relations strategies and policies; administering, maintaining, negotiating, and documenting all aspects of the collective bargaining agreement between the Company and Local Union No. 503 of the International

Brotherhood of Electrical Workers, which represents all of the Company's bargaining unit employees; responsibility for studies regarding the development of bargaining unit work practices, wages, and policies regarding absenteeism and work rules; and providing labor relations and bargaining agreement training to management employees.

Maintaining the day-to-day work load of this function is such that it precludes many of the high level developmental, administrative, and policy setting functions that this position should be responsible for, and which are simply not being handled to the extent required. For example, in an average year, the Director of Labor Relations is solely responsible for handling between 30 to 40 third step union grievances and 12 fourth step grievances, as well as 3 to 4 labor arbitration cases, 50 disciplinary actions, 6 severe discipline actions involving employee suspensions and/or terminations, and 6 employee assistance cases resulting from the Company's random drug testing policy.

The addition of one Labor Relations Administrator position would enable the Director of Labor Relations to focus on global labor strategies. The lack of this particular focus can lead to missed opportunities for the development of strategies and policies that could lead to efficiencies in the context of general contract negotiations and to missed opportunities in the maintenance of a mutually beneficial relationship with the Company's bargaining unit work force.

In addition, the Labor Relations Administrator, under the direction of the Director, would ultimately become responsible for handling some of the functions outlined above, particularly regarding grievances, arbitration and disciplinary actions. In addition, the record keeping aspect of the Labor Relations function is currently a completely manual function. One of the immediate responsibilities of the new Labor Relations Administrator position would be the automation of several major functions, particularly grievance and arbitration tracking, disciplinary action tracking, and the monitoring of sick time and lost time due to disability situations. For all the reasons outlined above, the Company requires the addition of a Labor Relations Administrator.

**<u>Training Specialist – 1 position</u>**

As detailed in the Rebuttal Testimony (p. 5) of Mr. Kosior in this proceeding, the Company does not currently have a position dedicated to Health and Safety training and this function is currently provided by members of the Environmental Health and Safety Department and by union instructors, who are coordinated by the Company's Quality Assurance and Compliance Department. In addition to coordinating and providing health and safety training on a Company-wide basis, as mandated by the Occupational Health and Safety Administration ("OSHA"), the Training Specialist will be responsible for assisting the Company's one Electric Trainer because of a significant increase in the duties and responsibilities of that position.

The Electric Trainer position was initially dedicated to training the electric overhead workforce. The role of this position has been expanded to also include training the underground workforce. In addition, due to employee turnover and attrition in the Electric Operations Department and in other areas (i.e. New Business, Customer Service, Substation, etc.) the need for Company-specific operational training has become evident to compensate for the lack of experience in the workforce and to make employees more effective. This situation exists not only for Company employees, but also for Company contractors, where changes in their workforce have caused the Company to be ever more vigilant regarding compliance with the Company's safety procedures. It has become increasingly evident that one dedicated Electric Trainer position cannot meet the training needs of the existing electric overhead and underground workforce.

In addition to the training responsibilities outlined above, the present electric trainer is responsible for the development and implementation of Company specific instructional materials for new technologies as they are implemented in the various operating Departments. The proposed Training Specialist is expected to assist the Electric Trainer in developing and providing Company specific Substation skills training, and developing training and instructional curriculum for new technologies, NERC requirements, and providing training to other work groups that have demonstrated a need for increased training.

Adding a Training Specialist would provide for the consolidation of all health and safety training responsibilities on a Company-wide basis and also supplement the existing Electrical Trainer so that Company specific skills and technical training could be developed and provided to a wider segment of the workforce.

**Mobile Workforce - 1 Administrator**
**- 1 Analyst**

As stated in Mr. Regan's Rebuttal Testimony (p. 16), commencing in 2008, the Company plans to expand significantly its electric mobile workforce efforts to other key electric operating and supervisory personnel, as well as other Departments with significant involvement with the electric business. This expansion will include all overhead and underground electric line crews, Electric Operations troubleshooter crews, the Contractor Administration Group, Meter Technicians, supervisory personnel in Electric Meter Operations, and the New Business Department. Further development and enhancements of the software is also planned. Components of these mobile workforce efforts at O&R include:

- Providing mobile data terminals ("MDTs") to field and office personnel, along with the ongoing support and maintenance required for these devices;
- Providing real time communications capabilities to these MDTs, along with the ongoing support and maintenance required for these devices;

- Providing cellular plans to enable communications;
- Installing the necessary infrastructure in appropriate vehicles including signal boosters, antennae, mounting platforms, and GPS devices, along with the ongoing support and maintenance required for these devices;
- Providing mobile computer applications for Outage Management activities, for accessing Company infrastructure maps, for system design in the field, for routing work assignments and entering field collected data, and for accessing corporate databases on a real time basis;
- Providing ongoing training, support and maintenance for these applications; and
- Developing enhancements to existing software.

In addition to those mentioned above, there are many benefits of a system that provides instant and easy access to Company records on MDTs and mobile electronic devices. These benefits are significantly enhanced when that electronic device can easily and remotely access Company maps, information and other key and critical corporate databases. Providing the ability to voicelessly and wirelessly communicate with other mobile users and/or personnel at the various Company facilities adds another level of significance to this system.

There are certain requirements associated with these improvements. The Company's recent experience with mobile workforce has confirmed that ongoing support in both funding and assigned personnel is essential for the adequate performance of the equipment and systems. Because of this experience, additional personnel and funding will be required due to the significant increase in equipment and services associated with the proposed expansion of the system. Since computing hardware and associated communications infrastructure is new to the field environment, all associated first costs and ongoing maintenance costs are incremental to existing costs. These costs include initial purchase costs of hardware, associated installation costs, hardware repair costs, hardware replacement costs, hardware upgrade costs, subscription costs for communications, GPS services, and software development and support. Of equal importance is the incremental manpower needed to introduce, implement, and support the mobile workforce. Mobile outage management system ("OMS") requires one full time System Analyst to provide system field troubleshooting for hardware and software issues. It also will require one full time Administrator to support and further develop the software, as well as develop and maintain all training documents and provide training to field personnel.

**System Specialist- ECC Operations Support - 2 positions**

As discussed in Mr. Regan's Rebuttal Testimony (p. 23), the Company's System Operations Support Services Group performs crucial routine and urgent response functions in the O&R Control Centers. This Group is responsible for the bi-annual expansions of the EMS system coupled with the required maintenance of essential equipment at two locations, demands for greatly enhanced field and engineering support and the implementation of new technologies that include smart grid, increased securitization of all aspects of EMS information, and the functionality and actions necessary to comply with regulatory mandates. In order to meet the escalating workload that includes the advancement of distribution automation and new technologies such as smart grid continue to create more interface work and requirements for information sharing with the EMS. In addition, the substantial expansion in the number of substations and associated remote terminal unit interface work also continues to add to the existing workload and pressure the existing in-house resources. The EMS system has evolved from one primary and backup system in the Spring Valley Energy Control Center to an additional backup system in the Company's Alternate Control Center (ACC) in Blooming Grove. By the end of this year, the ACC system will match the requirements for upkeep with the Spring Valley ECC. During the proposed three-year rate plan, the Company has determined the need to increase the Support Services Group staffing by two Engineers/Technical Experts.

**Supervisor (LTS) – 1 position**

As stated in Mr. Regan's Rebuttal Testimony (p. 13), as of November 1, 2007, the Company merged two of its Departments, LTS and Mapping. The LTS Department performs many duties related to the design of the electrical distribution system including Engineering and New Business jobs, state and local road widening projects, bridge/culvert replacements, broken and defective poles, URD cable rehabilitation and rebuild projects, reclosers, and other system improvement projects. The Mapping Department is responsible for recording all of the Company's physical assets and geographic information system ("GIS") maintenance.

The merging of these two Departments is important to the Company in order to leverage the existing and future capabilities of its GIS system. Presently, all LTS projects are designed on paper with color copies of the maps drawn in pencil. The ability of LTS to design their layouts in the GIS with a "redline" tool presents many opportunities for streamlining the entire process for the design and management of construction jobs. Having the layout stored in GIS will streamline the entire process, allowing new designs and re-designs to be made and distributed more easily to the Operations organization. This is extremely important since the quality and timeliness of GIS updates directly affect the connectivity and load flow models used for OMS and planning studies. Eventually this will have a significant effect with real-time operational analysis and Smart Grid decision analysis applications.

In order to accomplish these goals, the current manager of LTS has assumed management responsibility for the new overall combined Department and its strategic merger. The manager of LTS presently has a substantial workload of daily activities that continues to expand with increased municipal and state activity associated with road widening projects, beautification projects and other interference work. The present workload is already exceeding the bounds of one FTE. Further, to optimize the integration of the two Departments will require focused attention to understand fully the responsibilities and day to day activities of the Mapping Department. Afterwards, continuous process changes will have to be introduced and managed to take full advantage of this merger. As a result, with the additional management responsibilities associated with being a strategic leader for the new LTS / Mapping Department, a new LTS supervisor will be required to assume many of the everyday responsibilities of the current LTS manager. These include, among other things, prioritizing and assigning work to estimators, attending preconstruction meetings with contractors, developers, and municipalities, and coordinating everyday activities with New Business, Electrical Engineering, and Electric Operations.

**Appendix M**

## Electric Customer Service Reliability Performance Mechanism

### 1. Customer Service

### Customer Surveys

During the Electric Rate Plan, the RCAS and CICAS targets and associated penalties will be as set forth below. As ordered in Case 06-E-1433, the RCAS and CICAS targets exclude price opinion.

| **Residential Customer Assessment Survey (RCAS)** | Payment Amount |
|---|---|
| >=6.99 | $ 0 |
| 6.84 – 6.98 | $ 100,000 |
| 6.69 – 6.83 | $ 200,000 |
| < 6.69 | $ 300,000 |
| | |
| **C&I Customer Assessment Survey (CICAS)** | Payment Amount |
| > =6.73 | $ 0 |
| 6.48 – 6.72 | $ 100,000 |
| 6.23 – 6.47 | $ 200,000 |
| < 6.23 | $ 300,000 |

The actual RCAS and CICAS scores will also exclude price opinion and be subject to adjustment to account for any applicable margin of error. The Company will utilize the survey instruments attached hereto to determine the annual RCAS and CICAS.

### Customer Complaint Rate Target

The annual Complaint Rate will be calculated in the manner approved by the Commission in its Order Approving Complaint Rate Targets issued August 26, 2005.[1] In

[1] Case 02-G-1553, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules, and Regulations of Orange and Rockland Utilities, Inc. for Gas Service*, and Case 03-E-0797, *In the Matter of Orange and Rockland*

calculating the annual Complaint Rate, (i) duplicative rate consultant complaints, (ii) high commodity prices complaints, as described in the Complaint Rate Targets Order, (iii) complaints regarding the Company's implementation of its Commission-approved transmission right-of-way management plan, and (iv) any other complaints generated by new Commission requirements, will be excluded. During the Electric Rate Plan, the complaint rate not to exceed targets and associated penalties levels are set forth below.

**PSC Complaint Rate**

| 12-Month Complaint Rate | Payment |
|---|---|
| <=2.4 | $ 0 |
| 2.5 | $150,000 |
| 2.6 | $300,000 |
| >2.6 | $500,000 |

**PSC Complaint Rate**
**If Exceptional Results in Prior Year.**
**Exceptional Results is <= 0.9**

| 12-Month Complaint Rate | Payment |
|---|---|
| <=2.4 | $ 0 |
| 2.5 | $100,000 |
| 2.6 | $250,000 |
| > 2.7 | $500,000 |

For measurement purposes, results from months having abnormal operating conditions will not be considered. Abnormal operating conditions are deemed to occur during any period of emergency, catastrophe, strike, natural disaster, "Major Storm" (as that term is defined by 16 NYCRR Part 97), or other unusual event not in the Company's control affecting more than ten percent of the customers during any month. When abnormal operating conditions occur, application of the Customer Service Performance Measurements will be based on survey results and, if applicable, PSC complaint rates for the remaining months of the affected year.

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*Utilities, Inc.'s Proposal for an Extension of an Existing Rate Plan, filed in Case 96-E-0900,* Order Approving Complaint Rate Target (issued August 26, 2005) ("Complaint Rate Targets Order").

## 2. Service Reliability

**Average Duration of Interruptions**

The Company-wide average duration of interruption level target is 1.70 Hrs./Int. ("Interruption Duration Target") for each calendar year. If, for any of the calendar years covered by the Proposal, Orange and Rockland fails to achieve the Interruption Duration Target, a penalty equal to the following basis points on New York electric equity will be assessed:

RY1 10 basis points

RY2 10 basis points

RY3 20 basis points

**Average Frequency of Interruptions**

The Company-wide average frequency of interruption level target is 1.36 Hrs./Cust. ("Interruption Frequency Target") for each calendar year. If, for any of the calendar years covered by the Proposal, Orange and Rockland fails to achieve the Interruption Frequency Target, a penalty equal to the following basis points on New York electric equity will be assessed:

RY1 10 basis points

RY2 15 basis points

RY3 20 basis points

Eagle Bay Consulting, Inc.
10 Hudson Watch Drive
Ossining, New York 10562

QUEST. NO.:____________ (101-105)
DATE OF INTERVIEW: (106-111)
PHONE # 112-121
LENGTH 122-123

| | | Weighted |
|---|---|---|
| Division: | Rockland...... | 184 (40%) |
| | Orange........ | 158 (34%) |
| | New Jersey.... | 116 (25%) |
| Service: | Electric Only.. | 241 (53%) |
| | Electric & Gas. | 216 (47%) |

Project No. 1459- **CAS RESIDENTIAL**
Oct 17-Nov 10, 2007
Top line results - November 12, 2007
N = 458

**<u>INTRODUCTION</u>**:
Hello, I am (INTERVIEWER NAME) calling from Eagle Bay Consulting, a public opinion research firm. We have been asked by (Orange and Rockland Utilities/Rockland Electric) to conduct a survey so the Company can learn how customers view the job it is doing in providing service. Your household has been randomly selected to be contacted for the survey. I assure you this is not a sales call. I'd like to conduct the survey with the male or female head of the household. Are you that person or may I speak with that person?
**IF PERSON ANSWERING PHONE IS ELIGIBLE:** The interview will take about 15 minutes. Is this a convenient time for you or shall I call back at another time? (IF CONVENIENT - CONTINUE; IF NOT CONVENIENT, TRY TO SET UP TIME FOR CALL BACK)
**IF PERSON ANSWERING PHONE IS NOT ELIGIBLE:** ASK TO SPEAK WITH ELIGIBLE RESPONDENT AND REPEAT INTRODUCTION ABOVE AND VERIFY THAT IT IS A CONVENIENT TIME FOR THE RESPONDENT TO PARTICIPATE

**CAS DEPENDENT VARIABLE**
1a. First, in thinking about all aspects of **[O&R/Rockland Electric]**, please rate your satisfaction on a scale where "1" means "very <u>dissatisfied</u>" and "5" means "very <u>satisfied</u>." How would you rate [O&R/Rockland Electric] on this "1" to "5" scale?

| | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|
| Average score | 4.0 | 4.0 | 4.1 | 4.6 | 3.9 | 3.9 | 4.0 | 4.0 | 4.0 |
| Not sure (Vol.)....... | 1% | 1% | *% | 2% | *% | 2% | 1% | 1% | *% |

**CAS DEPENDENT VARIABLE**
1b. Now on a scale of "1" to "5" where "1" means <u>very unfavorable</u> and "5" means <u>very favorable</u>, please rate your overall opinion of **[O&R/Rockland Electric]**? The more favorable you feel about the company, the higher the number you would give.

| | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|
| Average score | 3.9 | 4.0 | 4.0 | 4.1 | 3.8 | 3.9 | 3.9 | 3.9 | 3.9 |
| Not sure (Vol.)....... | 2% | 1% | 1% | 1% | 1% | 2% | 1% | 1% | 1% |

**CAS DEPENDENT VARIABLE**
1c. If value means the service you receive is worth the price you pay, would you rate the value of your <u>electric service</u> as excellent, pretty good, not so good or poor?

| | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Excellent....... | 18% | 18% | 20% | 15% | 16% | 18% | 14% | 11% | 17% | 20% | 23% | 17% | 19% | 20% | 19% | 15% | 16% | 17% | 16% |
| Pretty good..... | 59 | 62 | 64 | 65 | 65 | 60 | 59 | 64 | 65 | 61 | 60 | 63 | 66 | 58 | 56 | 62 | 63 | 61 | 59 |
| Not so good..... | 15 | 14 | 10 | 14 | 12 | 15 | 16 | 17 | 14 | 14 | 12 | 11 | 10 | 13 | 14 | 14 | 12 | 12 | 14 |
| Poor........... | 6 | 4 | 5 | 3 | 5 | 5 | 9 | 6 | 2 | 4 | 3 | 5 | 3 | 6 | 7 | 7 | 8 | 8 | 8 |
| Not sure (Vol.). | 2 | 2 | 1 | 3 | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 4 | 2 | 3 | 4 | 2 | 1 | 2 | 3 |

**CAS DEPENDENT VARIABLE**
1d. **(IF TYPE OF SERVICE "ELEC/GAS" OR "GAS" -- ALL "ELEC ONLY" ONLY SKIP TO 1e)** And would you rate the value of your <u>natural gas service</u> as excellent, pretty good, not so good or poor?

| | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Excellent....... | 20% | 19% | 23% | 19% | 18% | 22% | 16% | 12% | 20% | 21% | 30% | 17% | 21% | 25% | 20% | 19% | 23% | 22% | 20% |
| Pretty good..... | 61 | 65 | 63 | 64 | 65 | 59 | 52 | 60 | 68 | 61 | 54 | 60 | 63 | 49 | 52 | 56 | 55 | 55 | 56 |
| Not so good..... | 10 | 10 | 7 | 11 | 10 | 11 | 16 | 15 | 6 | 11 | 9 | 12 | 10 | 13 | 12 | 14 | 14 | 12 | 14 |
| Poor............ | 4 | 3 | 3 | 2 | 4 | 4 | 10 | 9 | 2 | 5 | 4 | 6 | 4 | 8 | 10 | 9 | 6 | 8 | 6 |
| Not sure (Vol.). | 5 | 3 | 4 | 4 | 3 | 4 | 6 | 4 | 4 | 2 | 3 | 5 | 2 | 5 | 6 | 2 | 2 | 3 | 4 |

1e. And using a scale of "1" meaning you strongly <u>disagree</u> to "5" meaning you strongly <u>agree</u>, how much do you agree with the statement **[O&R/Rockland Electric]:**

Average Not Sure

**ROTATE**
**GAS & ELECTRIC CAS (CORPORATE RESPONSIBILITY FACTOR)**

| | | Score | (Vol) |
|---|---|---|---|
| 1. Operates in an environmentally responsible manner... . | 10/03 | 3.8 | 19% |
| | 5/04 | 4.0 | 27% |
| | 10/04 | 4.1 | 23% |
| | 6/05 | 4.0 | 21% |
| | 10/05 | 4.0 | 18% |
| | 6/06 | 3.8 | 19% |
| | 10/06 | 3.9 | 20% |
| | 6/07 | 3.8 | 21% |
| | 10/07 | 3.9 | 23% |
| 2. Is committed to ensuring public safety.................. | 10/06 | 4.1 | 14% |
| | 10/07 | 4.2 | 19% |
| 3. Supports local community activities..................... | 10/06 | 3.7 | 37% |
| | 10/07 | 3.5 | 44% |
| 4. Offers assistance to customers in managing their energy use............................................ | 10/06 | 3.7 | 14% |
| | 10/07 | 3.6 | 15% |
| 5. Is a good neighbor that supports non-profit organizations and volunteerism in the community....... | 10/06 | 3.8 | 37% |
| | 10/07 | 3.7 | 37% |

2a. And how would you rate **[O&R's/Rockland Electric's]** performance in (READ FIRST ITEM ON LIST) -- is (O&R/Rockland Electric) doing an excellent, pretty good, not so good or poor job? (RECORD -CONTINUE FOR EACH ITEM ON LIST)

**ROTATE**
**GAS & ELECTRIC CAS (CORPORATE RESPONSIBILITY FACTOR)**

| | | Excel-lent | Pretty Good | Not So Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| 1. Conducting themselves in an open and honest manner | 1992 | 15% | 59% | 8% | 6% | 12% |
| | 1993 | 17 | 47 | 13 | 12 | 11 |
| | 1994 | 18 | 45 | 14 | 12 | 11 |
| | 1995 | 24 | 45 | 13 | 9 | 9 |
| | 1996 | 23 | 55 | 10 | 5 | 7 |
| | 1997 | 21 | 55 | 9 | 5 | 10 |
| | 1998 | 24 | 58 | 7 | 5 | 6 |
| | 1999 | 23 | 56 | 10 | 4 | 7 |
| | 2000 | 20 | 55 | 9 | 7 | 9 |
| | 2001 | 25 | 60 | 7 | 3 | 5 |
| | 2002 | 28 | 58 | 5 | 3 | 6 |
| | 6/03 | 30 | 54 | 4 | 3 | 9 |
| | 10/03 | 17 | 61 | 10 | 5 | 7 |
| | 5/04 | 21 | 55 | 9 | 5 | 10 |
| | 10/04 | 20 | 62 | 5 | 4 | 9 |
| | 6/05 | 26 | 55 | 8 | 4 | 7 |
| | 10/05 | 27 | 53 | 8 | 5 | 7 |
| | 6/06 | 23 | 55 | 6 | 6 | 10 |
| | 10/06 | 20 | 60 | 9 | 5 | 6 |
| | 6/07 | 20 | 58 | 9 | 5 | 8 |
| | 10/07 | 20 | 54 | 11 | 5 | 10 |

2a CONTINUED. And how would you rate **[O&R's/Rockland Electric's]** performance in (READ FIRST ITEM ON LIST) -- is (O&R/Rockland Electric) doing an excellent, pretty good, not so good or poor job? (RECORD -CONTINUE FOR EACH ITEM ON LIST)

| | | Excel-lent | Pretty Good | Not So Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| 2. Maintaining its energy delivery system..... | 10/06 | 35% | 53% | 6% | 3% | 3% |
| | 10/07 | 30 | 59 | 5 | 3 | 3 |
| 3. Maintaining good working relationships with local police, fire department and other emergency services...................... | 10/06 | 19% | 38% | 3% | 3% | 37% |
| | 10/07 | 19 | 39 | 4 | 1 | 37 |

**GAS & ELECTRIC CAS (ENERGY DELIVERY FACTOR)**

3a. And now I'd like to ask you a few questions about the reliability of your electric service. How satisfied are you with the reliability of electric power supplied by **[O&R/Rockland Electric]** -- that is, keeping down the number and length of service outages lasting 5 minutes or longer -- are you very satisfied, fairly satisfied, not too satisfied or not at all satisfied?

| | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Very satisfied....... | 50% | 47% | 52% | 49% | 52% | 42% | 45% | 50% | 54% | 55% | 48% | 49% | 51% | 50% | 46% | 53% | 54% |
| Fairly satisfied..... | 38 | 39 | 37 | 36 | 35 | 38 | 39 | 40 | 32 | 35 | 39 | 34 | 38 | 39 | 38 | 36 | 34 |
| Not too satisfied.... | 8 | 9 | 7 | 10 | 8 | 12 | 9 | 7 | 9 | 6 | 9 | 11 | 7 | 8 | 10 | 7 | 7 |
| Not at all satisfied. | 3 | 4 | 3 | 4 | 4 | 7 | 6 | 3 | 3 | 3 | 3 | 4 | 4 | 3 | 4 | 3 | 4 |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Not sure (Vol.)...... | * | 1 | 1 | 1 | 1 | 1 | 1 | - | 2 | 1 | 1 | 2 | * | * | 2 | 1 | 1 |

**GAS & ELECTRIC CAS (ENERGY DELIVERY FACTOR)**

3b. On a scale of "1" meaning strongly disagree to "5" meaning strongly agree, how much do you agree with the statement "The power supply I receive from **[O&R/Rockland Electric]** is near perfect, with few, if any, outages, power surges or fluctuations?"

| | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|
| Average score....... | 3.8 | 3.8 | 3.8 | 3.9 | 3.7 | 3.8 | 3.9 | 3.8 | 3.8 |
| Not sure (Vol.)..... | 2% | 3% | *% | 2% | 1% | 4% | 1% | 1% | 2% |

3c. During the past 12 months, how many electric service outages lasting longer than 5 minutes, if any, did your household experience? (RECORD NUMBER BELOW)

| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 10/02 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| None.................. | 17% | 25% | 21% | 28% | 14% | 18% | 26% | 20% | 28% | 22% | 20% | 26% | 27% |
| One................... | 17 | 18 | 19 | 18 | 18 | 19 | 19 | 19 | 14 | 19 | 18 | 21 | 21 |
| Two................... | 17 | 16 | 19 | 18 | 20 | 20 | 20 | 17 | 20 | 23 | 20 | 20 | 20 |
| Three................. | 14 | 12 | 11 | 11 | 15 | 13 | 12 | 15 | 15 | 12 | 12 | 13 | 12 |
| Four.................. | 6 | 6 | 7 | 6 | 8 | 8 | 4 | 6 | 7 | 6 | 6 | 6 | 5 |
| Five.................. | 5 | 4 | 5 | 4 | 5 | 7 | 4 | 5 | 4 | 5 | 5 | 3 | 4 |
| Six or more........... | 12 | 7 | 9 | 7 | 12 | 10 | 6 | 9 | 5 | 9 | 10 | 6 | 5 |
| Not sure (Vol.)........ | 12 | 12 | 9 | 7 | 7 | 6 | 9 | 9 | 7 | 3 | 8 | 5 | 6 |
| Average................ | 3.1 | 2.4 | 2.5 | 2.2 | 3.2 | 3.7 | 2.1 | 2.8 | 2.2 | 2.4 | 2.6 | 2.2 | 2.5 |
| Total Experienced | 71% | 63% | 70% | 66% | 79% | 76% | 65% | 71% | 65% | 75% | 72% | 69% | 67% |

3d. In (READ ITEM ON LIST) -- does **[O&R/Rockland Electric]** do an excellent, pretty good, not so good or poor job? (RECORD -- CONTINUE FOR EACH ITEM)

| | | Excel-lent | Pretty Good | Not So Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| **GAS & ELECTRIC CAS (ENERGY DELIVERY FACTOR)** | | | | | | |
| 1.Restoring electric power quickly | 1992 | 26% | 55% | 9% | 4% | 6% |
| | 1993 | 26 | 58 | 7 | 2 | 7 |
| | 1994 | 26 | 57 | 10 | 2 | 5 |
| | 1995 | 33 | 54 | 7 | 3 | 3 |
| | 1996 | 32 | 56 | 7 | 2 | 3 |
| | 1997 | 27 | 53 | 11 | 4 | 5 |
| | 1998 | 30 | 55 | 8 | 3 | 4 |
| | 1999 | 22 | 55 | 13 | 5 | 5 |
| | 2000 | 24 | 58 | 8 | 7 | 3 |
| | 2001 | 30 | 54 | 10 | 3 | 3 |
| | 2002 | 30 | 55 | 8 | 2 | 5 |
| | 6/03 | 33 | 54 | 7 | 2 | 4 |
| | 10/03 | 27 | 61 | 7 | 2 | 3 |
| | 5/04 | 26 | 57 | 10 | 4 | 3 |
| | 10/04 | 26 | 58 | 10 | 3 | 3 |
| | 6/05 | 33 | 55 | 7 | 3 | 2 |
| | 10/05 | 30 | 52 | 10 | 5 | 3 |
| | 6/06 | 29 | 57 | 6 | 4 | 4 |
| | 10/06 | 26 | 58 | 8 | 3 | 5 |
| | 6/07 | 26 | 57 | 9 | 5 | 3 |
| | 10/07 | 25 | 56 | 10 | 4 | 5 |
| **GAS & ELECTRIC CAS (ENERGY DELIVERY FACTOR)** | | | | | | |
| 2. Providing a reliable supply of energy | 1992 | 34% | 56% | 4% | 2% | 4% |
| | 1993 | 33 | 57 | 4 | 2 | 4 |
| | 1994 | 30 | 60 | 5 | 2 | 3 |
| | 1995 | 35 | 58 | 3 | 2 | 2 |
| | 1996 | 33 | 59 | 5 | 1 | 2 |
| | 1997 | 37 | 57 | 3 | 1 | 2 |
| | 1998 | 40 | 53 | 4 | 1 | 2 |
| | 1999 | 31 | 59 | 5 | 3 | 2 |
| | 2000 | 29 | 58 | 5 | 5 | 3 |
| | 2001 | 33 | 61 | 3 | 1 | 2 |
| | 2002 | 42 | 50 | 4 | 1 | 3 |
| | 6/03 | 39 | 56 | 2 | 2 | 1 |
| | 10/03 | 32 | 58 | 5 | 2 | 3 |
| | 5/04 | 30 | 60 | 5 | 3 | 2 |
| | 10/04 | 31 | 61 | 4 | 2 | 2 |
| | 6/05 | 34 | 57 | 6 | 2 | 1 |
| | 10/05 | 35 | 53 | 7 | 3 | 2 |
| | 6/06 | 31 | 62 | 3 | 2 | 2 |
| | 10/06 | 40 | 53 | 4 | 2 | 1 |
| | 6/07 | 31 | 61 | 3 | 4 | 1 |
| | 10/07 | 32 | 61 | 4 | 2 | 1 |

3. Providing accurate information

| | | | | | | |
|---|---|---|---|---|---|---|
| on when your power will be restored | 10/03 | 20 | 46 | 14 | 6 | 14 |
| | 10/04 | 16 | 51 | 12 | 6 | 15 |
| | 10/05 | 24 | 47 | 14 | 7 | 8 |
| | 10/06 | 16 | 50 | 15 | 6 | 13 |
| | 10/07 | 19 | 49 | 15 | 8 | 9 |
| 4. Being easy to reach to report a power problem | 10/03 | 22 | 47 | 13 | 6 | 12 |
| | 10/04 | 26 | 47 | 12 | 8 | 7 |
| | 10/05 | 27 | 45 | 14 | 7 | 7 |
| | 10/06 | 28 | 43 | 12 | 6 | 11 |
| | 10/07 | 25 | 47 | 11 | 4 | 13 |

**GAS ONLY CAS (ENERGY DELIVERY FACTOR)**

3e. **[IF "E/G OR "G" - ALL "E" ONLY SKIP TO 4a]** And overall, how satisfied are you with the reliability of O&R's natural gas service -- are you very satisfied, fairly satisfied, not too satisfied or not at all satisfied?

| | 10/02 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|
| (Base) | (49%) | (45%) | (40%) | (48%) | (44%) | (44%) | (41%) | (50%) | (47%) |
| Very satisfied............. | 68% | 63% | 55% | 56% | 60% | 56% | 53% | 59% | 62% |
| Fairly satisfied........... | 26 | 32 | 32 | 38 | 31 | 34 | 40 | 34 | 31 |
| Not too satisfied.......... | 2 | 1 | 5 | 2 | 4 | 5 | 4 | 1 | 1 |
| Not at all satisfied....... | 2 | 2 | 2 | 2 | 1 | 3 | 2 | 3 | 1 |
| Not sure (Vol.)............ | 2 | 2 | 3 | 2 | 3 | 2 | 1 | 3 | 5 |

4a. And in (READ ITEM ON LIST) -- does **[O&R/Rockland Electric]** do an excellent, pretty good, not so good or poor job? (RECORD BELOW -- CONTINUE FOR EACH ITEM)

| | | Excel-lent | Pretty Good | Not So Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| **GAS & ELECTRIC CAS (ENERGY DELIVERY FACTOR)** | | | | | | |
| 1.Communicating effectively with customers | 1992 | 25% | 53% | 11% | 3% | 8% |
| | 1993 | 23 | 57 | 7 | 5 | 8 |
| | 1994 | 21 | 55 | 10 | 6 | 8 |
| | 1995 | 26 | 51 | 10 | 4 | 9 |
| | 1996 | 26 | 54 | 9 | 5 | 6 |
| | 1997 | 24 | 54 | 11 | 4 | 7 |
| | 1998 | 27 | 54 | 10 | 4 | 5 |
| | 1999 | 21 | 54 | 12 | 5 | 8 |
| | 2000 | 17 | 60 | 12 | 7 | 4 |
| | 2001 | 22 | 59 | 10 | 4 | 5 |
| | 2002 | 28 | 52 | 9 | 3 | 8 |
| | 6/03 | 27 | 55 | 9 | 3 | 6 |
| | 10/03 | 23 | 56 | 13 | 4 | 4 |
| | 5/04 | 22 | 55 | 13 | 4 | 6 |
| | 10/04 | 19 | 62 | 8 | 4 | 7 |
| | 6/05 | 27 | 54 | 9 | 5 | 5 |
| | 10/05 | 27 | 51 | 13 | 4 | 5 |
| | 6/06 | 19 | 61 | 11 | 4 | 5 |
| | 10/06 | 24 | 54 | 12 | 4 | 6 |
| | 6/07 | 23 | 57 | 11 | 5 | 4 |
| | 10/07 | 27 | 54 | 12 | 3 | 4 |
| **GAS & ELECTRIC CAS (ENERGY DELIVERY FACTOR)** | | | | | | |
| 2. Providing convenient telephone access to a company representative | 10/03 | 26 | 44 | 11 | 4 | 15 |
| | 5/04 | 16 | 56 | 12 | 6 | 10 |
| | 10/04 | 20 | 52 | 12 | 6 | 10 |
| | 6/05 | 24 | 48 | 14 | 6 | 8 |
| | 10/05 | 27 | 46 | 13 | 7 | 7 |
| | 6/06 | 22 | 53 | 10 | 5 | 10 |
| | 10/06 | 21 | 50 | 12 | 6 | 11 |
| | 6/07 | 19 | 52 | 12 | 5 | 12 |
| | 10/07 | 23 | 49 | 11 | 5 | 12 |
| **GAS & ELECTRIC CAS (ENERGY DELIVERY FACTOR)** | | | | | | |
| 3. Making it easy for customers to do business with them | 10/03 | 27 | 58 | 7 | 3 | 5 |
| | 5/04 | 25 | 59 | 7 | 3 | 6 |
| | 10/04 | 22 | 64 | 6 | 2 | 6 |
| | 6/05 | 27 | 55 | 8 | 5 | 5 |
| | 10/05 | 29 | 55 | 7 | 4 | 5 |
| | 6/06 | 26 | 59 | 8 | 3 | 4 |
| | 10/06 | 29 | 56 | 6 | 3 | 6 |
| | 6/07 | 25 | 60 | 8 | 3 | 4 |
| | 10/07 | 27 | 57 | 6 | 3 | 7 |

4a. CONTINUED And in (READ ITEM ON LIST) -- does **[O&R/Rockland Electric]** do an excellent, pretty good, not so good or poor job? (RECORD BELOW -- CONTINUE FOR EACH ITEM)

| | | Excel-lent | Pretty Good | Not So Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| 4. Being courteous to customers | 1992 | 34% | 56% | 4% | 2% | 4% |
| | 1993 | 35 | 53 | 2 | 3 | 7 |
| | 1994 | 34 | 53 | 4 | 2 | 7 |
| | 1995 | 35 | 52 | 4 | 2 | 7 |
| | 1996 | 35 | 52 | 5 | 1 | 7 |
| | 1997 | 35 | 53 | 4 | 1 | 7 |
| | 1998 | 37 | 52 | 4 | 1 | 6 |
| | 1999 | 33 | 53 | 5 | 1 | 8 |
| | 2000 | 26 | 61 | 6 | 1 | 6 |
| | 2001 | 30 | 55 | 8 | 2 | 5 |
| | 2002 | 38 | 49 | 2 | 2 | 9 |
| | 6/03 | 37 | 52 | 2 | 3 | 6 |
| | 10/03 | 38 | 51 | 4 | 1 | 6 |
| | 5/04 | 33 | 51 | 5 | 2 | 9 |
| | 10/04 | 37 | 52 | 3 | 1 | 7 |
| | 6/05 | 40 | 48 | 4 | 2 | 6 |
| | 10/05 | 42 | 48 | 4 | 2 | 4 |
| | 10/06 | 39 | 47 | 3 | 3 | 8 |
| | 10/07 | 38 | 48 | 5 | 2 | 7 |
| 5. Being genuinely concerned about customer needs and problems | 10/03 | 21 | 54 | 13 | 5 | 7 |
| | 10/04 | 18 | 59 | 10 | 3 | 10 |
| | 10/05 | 22 | 56 | 12 | 6 | 4 |
| | 10/06 | 22 | 54 | 10 | 4 | 10 |
| | 10/07 | 20 | 57 | 8 | 5 | 10 |

5a. Over the past 12 months, have you called or visited or written **[O&R/Rockland Electric]** for any reason? (MULTIPLE RESPONSES PERMITTED -- RECORD EACH TYPE OF CONTACT)

| | '92 | '93 | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | 10/02 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Called.................. | 44% | 36% | 31% | 45% | 44% | 43% | 41% | 48% | 24% | 21% | 19% | 38% | 35% | 37% | 46% | 43% |
| Visited................. | 3 | 3 | 2 | 1 | 3 | 2 | 4 | 2 | 1 | 2 | 2 | 2 | 2 | 1 | 4 | 3 |
| Written................. | 5 | 1 | 1 | 1 | 1 | 2 | 3 | 1 | * | * | 1 | 1 | 1 | 1 | 1 | 1 |
| Internet/e-mail.......... | - | - | - | - | - | - | - | * | 1 | 1 | 5 | 1 | 2 | 2 | 2 | 2 |
| Did not call/visit/write. | 49 | 60 | 65 | 51 | 52 | 53 | 53 | 47 | 73 | 75 | 73 | 57 | 59 | 58 | 48 | 51 |
| Do not remember (Vol.)... | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | * | 1 | 1 | 2 | 1 | 1 | 1 | 2 |
| Not sure (Vol.).......... | * | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 2 | 1 | 1 | 2 | * | 1 | 1 |
| **Net Contact.** | **49** | **39** | **34** | **48** | **46** | **45** | **45** | **51** | **26** | **23** | **25** | **40** | **39** | **40** | **50** | **46** |

5b. **(IF "CALLED" OR "VISITED" or "WRITTEN" OR "INTERNET/EMAIL" IN 5a – ALL OTHERS SKIP TO 5e)** What was the main reason for your most recent contact with **[O&R/Rockland Electric]**? (DO NOT READ -- SINGLE RECORD ONLY)

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 10/02 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Base: | (46%) | (45%) | (45%) | (51%) | (26%) | (23%) | (25%) | (40%) | (39%) | (40%) | (50%) | (46%) |
| Power outage/outage report/question. | 56% | 42% | 27% | 56% | 41% | 26% | 40% | 41% | 37% | 49% | 39% | 44 |
| Billing: report problem/ask question | 22 | 25 | 34 | 22 | 30 | 35 | 31 | 23 | 32 | 23 | 28 | 24 |
| Other service requests.............. | 6 | 15 | 22 | 12 | 12 | 12 | 10 | 8 | 14 | 3 | 8 | 11 |
| Gas leak/gas problem/emergency....... | 5 | 4 | 4 | 2 | 6 | 4 | 4 | 6 | 2 | 1 | 3 | 6 |
| Credit/payment extension request..... | - | - | - | - | - | 4 | 2 | 3 | 1 | 3 | 2 | 5 |
| Power surges/quality problems/quest. | - | - | - | 1 | 1 | 3 | * | 2 | * | 5 | 5 | 3 |
| Connect/disconnect service........... | 1 | 2 | 3 | 2 | 2 | 4 | 3 | 3 | 2 | 3 | 5 | 2 |
| Retail Choice/Dereg/Power Pick/NJEC.. | - | - | 1 | 1 | - | 3 | 2 | 1 | 1 | - | 2 | 2 |
| Meter problem/question............... | 3 | 5 | 2 | 2 | 3 | 4 | 4 | 6 | 6 | 5 | 5 | 1 |
| Change electric utility/natural gas.. | - | - | - | - | 1 | 4 | 1 | 3 | 1 | 2 | * | 1 |
| Other (SPECIFY)...................... | 6 | 4 | 5 | 1 | 2 | - | 1 | 3 | 1 | 4 | 2 | * |
| Not sure............................ | 3 | 1 | 3 | 1 | 2 | 4 | 2 | 1 | 2 | 2 | 1 | 1 |

5c. **(IF "CALLED" OR "VISITED" IN 5a -- ALL "WRITTEN" IN 5a SKIP TO 5d)** And how would you rate the employee who assisted you in (READ ITEM ON LIST) -- excellent, pretty good, not so good or poor? (RECORD -- CONTINUE FOR EACH ITEM ON LIST)

| | | Excel-lent | Pretty Good | Not So Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| 1. Listening carefully to your question, request or comments................. | 1994 | 45% | 39% | 9% | 3% | 4% |
| | 1995 | 39 | 46 | 9 | 3 | 3 |
| | 1996 | 42 | 39 | 6 | 5 | 8 |
| | 1997 | 36 | 43 | 7 | 4 | 10 |
| | 1998 | 44 | 39 | 7 | 4 | 6 |
| | 1999 | 36 | 44 | 6 | 6 | 8 |
| | 2000 | 39 | 43 | 7 | 6 | 5 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | 2001 | 45 | 48 | 4 | 2 | 1 |
| | 2002 | 38 | 50 | 4 | 4 | 4 |
| | 10/03 | 49 | 37 | 5 | 6 | 3 |
| | 10/04 | 40 | 41 | 7 | 5 | 7 |
| | 10/05 | 33 | 46 | 7 | 5 | 9 |
| | 10/06 | 38 | 40 | 7 | 9 | 6 |
| | 10/07 | 44 | 39 | 7 | 6 | 4 |
| 2. Having enough authority to resolve your problems or provide the assistance you requested .......................... | 1994 | 41 | 34 | 11 | 6 | 8 |
| | 1995 | 32 | 42 | 14 | 7 | 5 |
| | 1996 | 37 | 35 | 13 | 7 | 8 |
| | 1997 | 31 | 37 | 13 | 7 | 12 |
| | 1998 | 39 | 37 | 9 | 7 | 8 |
| | 1999 | 29 | 35 | 13 | 11 | 12 |
| | 2000 | 28 | 46 | 12 | 8 | 6 |
| | 2001 | 40 | 40 | 13 | 4 | 3 |
| | 2002 | 26 | 48 | 12 | 9 | 5 |
| | 10/03 | 40 | 35 | 12 | 9 | 4 |
| | 10/04 | 33 | 42 | 9 | 8 | 8 |
| | 10/05 | 24 | 42 | 16 | 7 | 11 |
| | 10/06 | 32 | 35 | 11 | 13 | 9 |
| | 10/07 | 31 | 41 | 13 | 8 | 7 |
| 3. Taking the time you feel was necessary to provide assistance to you............... | 1994 | 44 | 40 | 7 | 4 | 5 |
| | 1995 | 38 | 46 | 9 | 4 | 3 |
| | 1996 | 42 | 40 | 8 | 4 | 6 |
| | 1997 | 36 | 42 | 7 | 5 | 10 |
| | 1998 | 43 | 38 | 6 | 7 | 6 |
| | 1999 | 35 | 42 | 8 | 7 | 8 |
| | 2000 | 39 | 42 | 7 | 8 | 4 |
| | 2001 | 43 | 47 | 7 | 2 | 1 |
| | 2002 | 36 | 46 | 9 | 5 | 4 |
| | 10/03 | 48 | 38 | 4 | 7 | 3 |
| | 10/04 | 41 | 43 | 5 | 5 | 6 |
| | 10/05 | 34 | 45 | 6 | 6 | 9 |
| | 10/06 | 36 | 41 | 8 | 9 | 6 |
| | 10/07 | 39 | 42 | 10 | 6 | 3 |
| 4. Treating you with courtesy.............. | 1994 | 48 | 39 | 6 | 3 | 4 |
| | 1995 | 47 | 41 | 6 | 3 | 3 |
| | 1996 | 48 | 40 | 4 | 3 | 5 |
| | 1997 | 42 | 43 | 4 | 2 | 9 |
| | 1998 | 52 | 36 | 4 | 4 | 4 |
| | 1999 | 43 | 41 | 5 | 4 | 7 |
| | 2000 | 48 | 38 | 4 | 6 | 4 |
| | 2001 | 53 | 43 | 2 | 1 | 1 |
| | 2002 | 41 | 46 | 4 | 5 | 4 |
| | 10/03 | 53 | 35 | 4 | 5 | 3 |
| | 10/04 | 50 | 34 | 4 | 5 | 7 |
| | 10/05 | 44 | 39 | 5 | 4 | 8 |
| | 10/06 | 47 | 38 | 4 | 6 | 5 |
| | 10/07 | 51 | 37 | 5 | 4 | 3 |

5c. (**CONTINUED) (IF "CALLED" OR "VISITED" IN 5a -- ALL "WRITTEN" IN 5a SKIP TO 5d)** And how would you rate the employee who assisted you in (READ ITEM ON LIST) -- excellent, pretty good, not so good or poor? (RECORD -- CONTINUE FOR EACH ITEM ON LIST)

| | | Excel-lent | Pretty Good | Not So Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| 5. Answering your questions or resolving your problem........................... | 1995 | 37 | 43 | 10 | 6 | 4 |
| | 1996 | 40 | 37 | 10 | 7 | 6 |
| | 1997 | 36 | 38 | 11 | 7 | 8 |
| | 1998 | 41 | 37 | 8 | 7 | 7 |
| | 1999 | 30 | 43 | 11 | 7 | 9 |
| | 2000 | 34 | 41 | 9 | 11 | 5 |
| | 2001 | 46 | 39 | 10 | 4 | 1 |
| | 2002 | 32 | 44 | 14 | 6 | 4 |
| | 10/03 | 44 | 34 | 10 | 8 | 4 |
| | 10/04 | 35 | 45 | 6 | 7 | 7 |
| | 10/05 | 31 | 40 | 10 | 8 | 11 |

| | | | | | |
|---|---|---|---|---|---|
| 10/06 | 35 | 38 | 10 | 11 | 6 |
| 10/07 | 37 | 40 | 13 | 6 | 4 |

5d. **(ASK EVERYONE IN THIS SERIES)** And overall, were you very satisfied, fairly satisfied, fairly dissatisfied, or very dissatisfied with the way your most recent contact was handled?

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Base: | (34%) | (48%) | (46%) | (45%) | (45%) | (51%) | (26%) | (23%) | (25%) | (40%) | (39%) | (40%) | (50%) | (46%) |
| Very satisfied..... | 55% | 46% | 51% | 46% | 50% | 39% | 45% | 49% | 41% | 46% | 50% | 42% | 50% | 46% |
| Fairly satisfied... | 28 | 32 | 32 | 32 | 32 | 34 | 38 | 33 | 35 | 33 | 36 | 31 | 29 | 34 |
| Fairly dissatisfied | 7 | 11 | 8 | 11 | 4 | 13 | 7 | 7 | 10 | 12 | 6 | 11 | 6 | 9 |
| Very dissatisfied.. | 8 | 10 | 6 | 9 | 8 | 12 | 10 | 8 | 12 | 8 | 6 | 12 | 13 | 8 |
| Not resolved (Vol.) | 1 | 1 | 1 | 1 | 1 | 1 | - | 1 | 1 | - | 1 | 3 | 1 | - |
| Not sure (Vol.).... | 1 | - | 2 | 1 | 5 | 1 | * | 2 | 1 | 1 | 1 | 1 | 1 | 2 |

5e. **(IF NY ONLY, SP1 & SP2 - ALL NJ, SP# SKIP TO 6a)** As part of energy deregulation, **[O&R/ROCKLAND ELECTRIC]** and all other electric utilities were required to sell their power plants. As far as you know, has O&R sold all its power plants or does O&R still own and operate some power plants?

| | 10/06 | 10/07 |
|---|---|---|
| Sold all power plants.................. | 13% | 6% |
| Still owns & operates some power plants. | 17 | 17 |
| Not sure (Vol.)........................ | 70 | 77 |

5f. **(IF "SOLD ALL POWER PLANTS" IN 5e - ALL OTHERS SKIP TO 5g)** For customers who continue to purchase energy from **[O&R/ROCKLAND ELECTRIC]**, the Company purchases the necessary energy on the open market from energy supply companies. In your opinion, how much control does the company have on the price it pays for the supply of **electricity** it delivers to customers - does **[O&R/ROCKLAND ELECTRIC]** have a great deal of control, some control, very little control or no control at all?

| | 10/06 | 10/07 |
|---|---|---|
| (Base) | (13%) | ( 6%) |
| A great deal of control... | 15% | 17 |
| Some control.............. | 57 | 43 |
| Very little control....... | 15 | 24 |
| No control at all......... | 5 | 6 |
| Not sure (Vol.)........... | 8 | 10 |

5g. **(IF "STILL OWNS AND OPERATES SOME POWER PLANTS" OR "NOT SURE"IN 5e - ALL OTHERS IN THIS SERIES SKIP TO 6a)** In fact, **[O&R/ROCKLAND ELECTRIC]** has sold all its power plants, so for customers who continue to purchase energy from **[O&R/ROCKLAND ELECTRIC]**, the Company purchases the necessary energy on the open market from energy supply companies. In your opinion, how much control does the company have on the price it pays for the supply of **electricity** it delivers to customers - does **[O&R/ROCKLAND ELECTRIC]** have a great deal of control, some control, very little control or no control at all?

| | 10/06 | 10/07 |
|---|---|---|
| (Base) | (17%) | (17%) |
| A great deal of control... | 15% | 21 |
| Some control.............. | 31 | 34 |
| Very little control....... | 15 | 13 |
| No control at all......... | 8 | 5 |
| Not sure (Vol.)........... | 31 | 27 |

6a. **GAS CAS (PRICE FACTOR)** **(ASK EVERYONE)** On another subject, do you feel the price you pay for electricity today is low, reasonable, a little higher than it should be or a lot higher than it should be?

| | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Low........... | 1% | -% | *% | 1% | 1% | 1% | *% | 1% | 3% | *% | *% | *% | *% | -% | 1% | *% | *% | -% | *% |
| Reasonable..... | 21 | 17 | 23 | 23 | 30 | 29 | 22 | 23 | 32 | 23 | 24 | 24 | 28 | 26 | 20 | 20 | 24 | 15 | 22 |
| A little high.. | 38 | 38 | 37 | 38 | 38 | 37 | 37 | 36 | 36 | 42 | 41 | 37 | 37 | 41 | 34 | 34 | 40 | 36 | 38 |
| A lot high..... | 35 | 42 | 35 | 34 | 27 | 27 | 38 | 38 | 24 | 31 | 32 | 34 | 30 | 32 | 41 | 43 | 33 | 46 | 36 |
| Not sure (Vol.) | 5 | 3 | 5 | 4 | 4 | 6 | 3 | 2 | 5 | 4 | 3 | 5 | 5 | 1 | 4 | 3 | 3 | 3 | 4 |

6b. **GAS CAS (PRICE FACTOR) (IF TYPE OF SERVICE "ELEC/GAS" OR "GAS" - ALL "ELEC ONLY" SKIP TO 6c)** And is the price you pay for natural gas today low, reasonable, a little higher than it should be or a lot higher than it should be?

| | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Low............ | 1% | -% | 1% | 1% | 2% | 1% | -% | 1% | 1% | -% | -% | *% | -% | -% | -% | -% | 3% | -% | 1% |
| Reasonable...... | 27 | 32 | 30 | 29 | 35 | 34 | 22 | 19 | 39 | 22 | 15 | 14 | 16 | 22 | 11 | 13 | 17 | 7 | 14 |
| A little high... | 34 | 31 | 40 | 34 | 33 | 35 | 29 | 29 | 36 | 38 | 36 | 30 | 36 | 28 | 31 | 20 | 34 | 29 | 33 |
| A lot high...... | 28 | 32 | 25 | 27 | 23 | 22 | 43 | 46 | 18 | 34 | 46 | 50 | 40 | 45 | 53 | 61 | 41 | 62 | 48 |
| Not sure (Vol.). | 10 | 5 | 4 | 9 | 7 | 8 | 6 | 5 | 6 | 6 | 3 | 6 | 8 | 5 | 5 | 6 | 5 | 2 | 4 |

6c. **GAS CAS (PRICE FACTOR) (ASK EVERYONE)** And using a scale of "1" meaning you strongly disagree to "5" meaning you strongly agree, how much do you agree with the statement that **[O&R/Rockland Electric]** "is efficient in holding down costs and avoiding waste?"

| | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|
| Average score | 3.1 | 3.2 | 3.3 | 3.3 | 3.3 | 3.1 | 3.2 | 3.1 | 3.1 |
| Not sure (Vol.) | 14% | 19% | 17% | 12% | 12% | 15% | 18% | 18% | 19% |

6d. And in (READ ITEM ON LIST), does **[O&R/Rockland Electric]** do an excellent, pretty good, not so good or poor job? (RECORD – CONTINUE)

| | | Excel-lent | Pretty Good | Not So Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| **GAS CAS (PRICE FACTOR)** | | | | | | |
| 1. Keeping prices as low as possible.......... | 1992 | 7% | 28% | 30% | 19% | 16% |
| | 1993 | 6 | 33 | 27 | 20 | 14 |
| | 1994 | 7 | 31 | 27 | 22 | 13 |
| | 1995 | 6 | 34 | 33 | 17 | 10 |
| | 1996 | 5 | 41 | 26 | 14 | 14 |
| | 1997 | 5 | 41 | 29 | 13 | 12 |
| | 1998 | 6 | 44 | 26 | 12 | 12 |
| | 1999 | 6 | 41 | 27 | 12 | 14 |
| | 2000 | 5 | 40 | 23 | 18 | 14 |
| | 2001 | 4 | 43 | 27 | 17 | 9 |
| | 2002 | 8 | 47 | 24 | 6 | 15 |
| | 6/03 | 9 | 43 | 26 | 10 | 12 |
| | 10/03 | 7 | 42 | 28 | 10 | 13 |
| | 5/04 | 7 | 40 | 29 | 11 | 13 |
| | 10/04 | 7 | 41 | 27 | 6 | 19 |
| | 6/05 | 9 | 44 | 26 | 10 | 11 |
| | 10/05 | 10 | 39 | 27 | 13 | 11 |
| | 6/06 | 5 | 44 | 27 | 13 | 11 |
| | 10/06 | 5 | 43 | 25 | 14 | 13 |
| | 6/07 | 5 | 40 | 31 | 12 | 12 |
| | 10/07 | 7 | 40 | 25 | 15 | 13 |
| **GAS & ELECTRIC CAS (BILL QUALITY)** | | | | | | |
| 2. Providing bills that accurately reflect the amount of energy your household uses........ | 10/03 | 30 | 56 | 7 | 2 | 5 |
| | 5/04 | 28 | 55 | 8 | 3 | 6 |
| | 10/04 | 33 | 58 | 4 | 3 | 2 |
| | 6/05 | 32 | 53 | 9 | 3 | 3 |
| | 10/05 | 36 | 48 | 7 | 4 | 5 |
| | 6/06 | 30 | 51 | 10 | 4 | 5 |
| | 10/06 | 34 | 52 | 7 | 3 | 4 |
| | 6/07 | 31 | 57 | 8 | 2 | 2 |
| | 10/07 | 32 | 49 | 7 | 8 | 4 |
| **GAS & ELECTRIC CAS (BILL QUALITY)** | | | | | | |
| 3. Providing bills that include the information you need................................ | 10/03 | 35 | 58 | 3 | 2 | 2 |
| | 5/04 | 30 | 56 | 8 | 3 | 3 |
| | 10/04 | 35 | 58 | 3 | 2 | 2 |
| | 6/05 | 33 | 54 | 9 | 3 | 1 |
| | 10/05 | 36 | 51 | 8 | 3 | 2 |
| | 6/06 | 32 | 57 | 6 | 3 | 2 |
| | 10/06 | 34 | 56 | 5 | 3 | 2 |
| | 6/07 | 32 | 56 | 6 | 4 | 2 |
| | 10/07 | 35 | 51 | 8 | 5 | 1 |

6e. **(ASK EVERYONE)** Now, using a 5-point scale where 1 means "strongly disagree" and 5 means "strongly agree," how much do you agree or disagree with this statement, "When I pay my monthly **[O&R/Rockland Electric]** bill, I always feel that I get my money's worth."

| | 2000 | 2001 | 2002 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Strongly agree........... (5)...... | 19% | 17% | 23% | 22% | 20% | 19% | 23% | 19% | 16% | 15% | 14% | 18% |
| ........................(4)...... | 22 | 21 | 22 | 23 | 26 | 31 | 25 | 22 | 26 | 23 | 26 | 22 |
| ........................(3)...... | 34 | 33 | 29 | 27 | 28 | 26 | 23 | 24 | 26 | 32 | 31 | 25 |
| ........................(2)...... | 10 | 12 | 11 | 13 | 12 | 8 | 11 | 16 | 14 | 12 | 14 | 10 |
| Strongly disagree.........(1)...... | 12 | 15 | 13 | 13 | 10 | 12 | 16 | 16 | 15 | 16 | 11 | 20 |
| Not sure (Vol.)................... | 3 | 2 | 2 | 2 | 4 | 4 | 2 | 3 | 3 | 2 | 4 | 5 |

Average.......................... 3.3 3.1 3.3 3.3 3.4 3.4 3.3 3.1 3.2 3.1 3.2 3.1

6f. Does your energy bill itemize and show separate charges for energy supply and energy delivery, <u>or</u> are the charges for supply and delivery shown as one amount on your bill?

| | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|
| Separate charges on bill........ | 52% | 66% | 52% | 56% | 54% |
| One amount on bill.............. | 22 | 14 | 21 | 15 | 19 |
| Don't know/never noticed (Vol.). | 19 | 8 | 18 | 19 | 19 |
| Not sure (Vol.)................. | 7 | 12 | 9 | 10 | 8 |

7. I'd like to ask you about topics O&R could include in the newsletter that is included with your bill. First, how much of the **[O&R/ROCKLAND ELECTRIC]** newsletter do you read or scan – all, most, some, very little or nothing at all?

| | 1992 | 1993 | 1994 | 1995 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 10/03 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| All...................... | 35% | 34% | 24% | 29% | 13% | 19% | 18% | 17% | 14% | 20% | 20% | 11% | 13% |
| Most..................... | 25 | 24 | 22 | 25 | 17 | 21 | 22 | 18 | 16 | 18 | 19 | 15 | 14 |
| Some..................... | 21 | 18 | 21 | 21 | 23 | 25 | 26 | 25 | 24 | 23 | 26 | 18 | 23 |
| Very little.............. | 9 | 11 | 14 | 13 | 21 | 19 | 16 | 20 | 25 | 19 | 17 | 20 | 18 |
| Nothing at all........... | 9 | 9 | 16 | 9 | 21 | 14 | 16 | 18 | 19 | 17 | 16 | 34 | 29 |
| It varies (Vol.)......... | 1 | 2 | 2 | 2 | 1 | 1 | * | * | 1 | * | 1 | * | * |
| Do not receive any (Vol.). | - | * | * | - | 2 | * | 1 | * | * | 1 | * | 1 | 2 |
| Not sure (Vol.).......... | * | 2 | 1 | 1 | 2 | 1 | 2 | 1 | 2 | 1 | 1 | 1 | * |
| Total all/most/some....... | 81 | 76 | 67 | 75 | 53 | 65 | 66 | 60 | 54 | 61 | 65 | 44 | 50 |
| Total little/nothing...... | 18 | 20 | 30 | 22 | 42 | 33 | 32 | 38 | 44 | 36 | 33 | 54 | 47 |

8. [**IF "NOTHIHG AT ALL" OR" DO NOT RECEIVE" OR "NOT SURE" IN 7, SKIP TO 9a - ASK ALL OTHERS]** And on a scale of "1" to "5" where "1" means "not at all interested" and "5" means "very interested, how interested would you be in reading an article about **[READ FIRST ITEM ON LIST]? (RECORD – CONTINUE FOR EACH ITEM]** <u>Base: 10/07 68%</u>

| **ROTATE** | | Not at All 1 | 2 | 3 | 4 | Very 5 | Not Sure (Vol.) 6 | Average Score |
|---|---|---|---|---|---|---|---|---|
| 1. Energy efficiency tips and advice... | 10/06 | 5% | 6% | 13% | 27% | 48% | 1% | 4.1 |
| | 10/07 | 7 | 7 | 14 | 22 | 49 | 1 | 4.0 |
| 2. Payment options.................... | 10/06 | 19% | 10% | 21% | 23% | 24% | 3% | 3.3 |
| | 10/07 | 23 | 10 | 17 | 14 | 34 | 2 | 3.2 |
| 3. Gas safety......................... | 10/06 | 13% | 6% | 16% | 19% | 41% | 5% | 3.7 |
| | 10/07 | 16 | 9 | 14 | 16 | 40 | 5 | 3.6 |
| 4. Electrical safety.................. | 10/06 | 6% | 7% | 20% | 23% | 43% | 1% | 3.9 |
| | 10/07 | 9 | 9 | 18 | 19 | 44 | 1 | 3.8 |
| 5. Understanding Energy Choice........ | 10/06 | 8% | 6% | 17% | 29% | 39% | 1% | 3.9 |
| | 10/07 | 8 | 8 | 19 | 21 | 42 | 2 | 3.8 |

9a. **(ASK NY ONLY, SP1 & SP2 - ALL NJ, SP3 SKIP TO F1)** As you may know, many states have deregulated energy companies. With deregulation, O&R still <u>delivers</u> electricity and natural gas, but customers have the option of buying the <u>actual</u> electricity and natural gas from different supply companies that sell or produce energy — including O&R. Have you seen, heard or read anything informing you that you can choose to buy **<u>electricity</u>** from a company other than O&R?

**Note: Question revised in 2005**: Are you aware that you can choose to buy electricity from a company other than O&R and that O&R would still deliver it?

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Yes, heard of/aware..... | 42% | 57% | 74% | 79% | 77% | 81% | 77% | 76% | 72% | 75% | 76% | 73% |
| No, have not/not aware.. | 57 | 42 | 25 | 20 | 22 | 18 | 22 | 23 | 27 | 22 | 21 | 25 |
| Not sure (Vol.)......... | 1 | 1 | * | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 3 | 2 |

9b. **(IF "YES" IN 9a - ALL OTHERS SKIP TO 9c)** Have you switched or considered switching to another <u>electric</u> supplier?

| | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|
| (Base) | (77%) | (81%) | (77%) | (76%) | (72%) | (75%) | (76%) | (73%) |
| Yes, switched.................... | 6% | 18% | 17% | 25% | 31% | 25% | 31% | 23% |
| Yes, have considered switching... | 22 | 21 | 16 | 18 | 16 | 19 | 15 | 14 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| No | 71 | 60 | 66 | 56 | 51 | 53 | 51 | 61 |
| Not sure (Vol.) | 1 | 1 | 1 | 1 | 2 | 3 | 3 | 2 |

9b-1. **(YES, SWITCHED" IN 9b - ALL OTHERS SKIP TO 9c)** In thinking about all aspects of the energy supply company that supplies you with <u>your electric supply</u>, I'd like you to rate your satisfaction on a 5-point scale where "1" means "very dissatisfied" and "5" means "very satisfied." How would rate your <u>electric supplier</u> on this "1" to "5" scale?

| | 10/07 |
|---|---|
| (Base) | (23%) |
| Very dissatisfied (1) | 7% |
| (2) | 11 |
| (3) | 27 |
| (4) | 25 |
| Very satisfied (5) | 28 |
| Not sure (Vol.) | 2 |
| Average score | 3.6 |

9c. **(IF SP#1 OR SP#2, NY <u>AND</u> "E/G" OR "G" - ALL OTHERS IN THIS SERIES SKIP 10a)** And have you seen, heard or read anything informing you that you can choose to buy **<u>natural gas</u>** from a company other than O&R?

**Note: Question revised in 2005**: Are you aware that you can choose to buy natural gas from any other than O&R and that O&R would still deliver it?

| | 1998 | 1999 | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|
| Base: | (69%) | (50%) | (47%) | (47%) | (49%) | (45%) | (48%) | (44%) | (50%) | (47%) |
| Yes, heard of/aware | 39% | 36% | 41% | 58% | 59% | 75% | 64% | 75% | 79% | 70% |
| No have not/not aware | 57 | 58 | 53 | 35 | 35 | 25 | 30 | 19 | 18 | 24 |
| Not sure (Vol.) | 4 | 6 | 6 | 7 | 6 | - | 6 | 6 | 3 | 6 |

9d. **(IF "YES" IN 9c - ALL OTHERS SKIP 10a)** Have you switched or considered switching to another <u>natural gas</u> supplier?

| | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|
| (Base) | (41%) | (58%) | (59%) | (75%) | (64%) | (75%) | (79%) | (70%) |
| Yes, switched | 18% | 27% | 19% | 25% | 35% | 31% | 29% | 24% |
| Yes, have considered switching | 17 | 12 | 14 | 14 | 17 | 19 | 15 | 18 |
| No | 63 | 58 | 63 | 57 | 47 | 48 | 52 | 55 |
| Not sure (Vol.) | 2 | 3 | 4 | 4 | 1 | 2 | 4 | 3 |

9d-1. **(YES, SWITCHED" IN 9d - ALL OTHERS SKIP TO 10a)** In thinking about all aspects of the energy supply company that supplies you with <u>your natural gas supply</u>, I'd like you to rate your satisfaction on a 5-point scale where "1" means "very dissatisfied" and "5" means "very satisfied." How would rate your <u>natural gas supplier</u> on this "1" to "5" scale?

| | 10/07 |
|---|---|
| (Base) | (24%) |
| Very dissatisfied (1) | 6% |
| (2) | 3 |
| (3) | 12 |
| (4) | 32 |
| Very satisfied (5) | 41 |
| Not sure (Vol.) | 6 |
| Average score | 4.0 |

10a. **(PSC DEREGULATION INDEX 10 A THROUGH 10B) (IF "E/G" AND "YES, AWARE" IN Q9a <u>AND</u> Q9c—ALL OTHERS SKIP TO 10a-1)** Based on what you may have heard or read, or any impression you may have, I would like you to tell me whether you <u>agree</u> or <u>disagree</u> with each of the following statements in regard to <u>natural gas and electric</u> deregulation in New York State and how it affects O&R customers. Do you agree <u>or</u> disagree with the statement (READ ITEM ON LIST)? (CONTINUE FOR EACH ITEM)

**<u>Base 2005</u>: 70% Combination customers "aware" <u>both</u> natural gas and electric deregulation**
**<u>Base 2006</u>: 74% Combination customers "aware" <u>both</u> natural gas and electric deregulation**
**<u>Base 2007</u>: 66% Combination customers "aware" <u>both</u> natural gas and electric deregulation**

| **<u>ROTATE</u>** | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| 1.If my energy supplier fails to supply electricity or natural gas on my behalf, I understand that O&R will be sure the energy is delivered to me as needed............................ | 2005 | 76% | 7% | 17% |
| | 2006 | 81 | 4 | 15 |
| | 2007 | 81 | 4 | 15 |
| 2. If I buy my natural gas from someone other than O&R, and if there is a gas leak or other gas emergency, I should call O&R regardless of the natural gas supplier I choose......... | 2005 | 85% | 10% | 5% |
| | 2006 | 92 | 4 | 4 |
| | 2007 | 90 | 4 | 6 |
| 3. If there is a power outage or other electric emergency, I should call O&R regardless of the electric supplier I choose........ | 2005 | 86% | 8% | 6% |
| | 2006 | 93 | 4 | 3 |
| | 2007 | 90 | 5 | 5 |
| 4. The reliability of my electric service will depend on O&R regardless of the supplier I choose......................... | 2005 | 85% | 7% | 8% |
| | 2006 | 86 | 6 | 8 |
| | 2007 | 89 | 3 | 8 |
| 5. I believe O&R supports competition in the energy industry....... | 2005 | 60% | 21% | 19% |
| | 2006 | 65 | 18 | 17 |
| | 2007 | 69 | 17 | 14 |
| 6. The safety of my natural gas service will depend on O&R regardless of the supplier I choose......................... | 2005 | 82% | 9% | 9% |
| | 2006 | 88 | 7 | 5 |
| | 2007 | 91 | 3 | 6 |
| 7. Even if I switch to another energy supplier, I will receive the same customer service from O&R as customers who decide to remain with O&R ....... .................................... | 2005 | 75% | 12% | 13% |
| | 2006 | 78 | 12 | 10 |
| | 2007 | 83 | 7 | 10 |
| 8. I understand how to make competitive choices and switch to another energy supplier if I choose to do so......... ....... | 2005 | 80% | 15% | 5% |
| | 2006 | 74 | 21 | 5 |
| | 2007 | 82 | 15 | 3 |
| 9. If I switch to another energy supplier, I can return to O&R for my energy service............... ........................ | 2005 | 90% | 3% | 7% |
| | 2006 | 89 | 3 | 8 |
| | 2007 | 90 | 4 | 6 |

10a-1. **(IF "E/G" AND "NO" IN 9a BUT "YES, AWARE" IN 9c OR "G ONLY" AND "YES, AWARE" IN 9c – ALL OTHERS SKIP TO 10b)** Based on what you may have heard or read, or any impression you may have, I would like you to tell me whether you agree or disagree with each of the following statements in regard to natural gas deregulation in New York State and how it affects O&R customers. Do you agree or disagree with the statement (READ ITEM ON LIST)? (CONTINUE FOR EACH ITEM)

**Note: Prior to 2005 base = "aware" gas customers**
**2005 Base: 5% combo/gas only "aware" gas (9c) but "not aware" electric (9a) (9 customers)**
**2006 Base: 5% combo/gas only "aware" gas (9c) but "not aware" electric (9a) (9 customers)**
**2007 Base: 5% combo/gas only "aware" gas (9c) but "not aware" electric (9a) (10 customers)**

| **ROTATE** | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|
| 1. If my gas supplier fails to supply gas on my behalf, I understand that O&R will be sure gas is delivered to me as needed.......................................... | 2000 | 73% | 11% | 16% |
| | 2001 | 77 | 10 | 13 |
| | 2002 | 72 | 9 | 19 |
| | 10/03 | 73 | 9 | 18 |
| | 10/04 | 75 | 4 | 21 |
| | 10/05 | 65%(6) | 24%(2) | 11%(1) |
| | 10/06 | 74%(7) | - | 26%(2) |
| | 10/07 | 79%(8) | 21%(2) | - |
| 2. If I buy my natural gas from someone other than O&R, and if there is a gas leak or other gas emergency, I should call O&R regardless of the natural gas supplier I choose **REVISED IN 2005**......................................... | 2000 | 41% | 49% | 10% |
| | 2001 | 38 | 53 | 9 |
| | 2002 | 37 | 48 | 15 |
| | 10/03 | 44 | 42 | 14 |
| | 10/04 | 27 | 59 | 14 |
| | 10/05 | 63%(6) | 24%(2) | 13%(1) |
| | 10/06 | 89%(8) | 11%(1) | - |
| | 10/07 | 89%(9) | - | 11%(1) |
| 3. I believe O&R supports competition in the natural gas industry **REVISED IN 2005**................................ | 2000 | 55% | 34% | 11% |
| | 2001 | 68 | 19 | 13 |
| | 2002 | 64 | 20 | 16 |
| | 10/03 | 69 | 18 | 13 |
| | 10/04 | 64 | 16 | 20 |
| | 10/05 | 50%(5) | 50%(4) | - |
| | 10/06 | 89%(9) | 11%(1) | - |
| | 10/07 | 100%(10) | - | - |

4. The safety of my natural gas service will depend

| | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|
| on O&R regardless of the supplier I choose........... | 2000 | 42% | 52% | 6% |
| | 2001 | 39 | 52 | 9 |
| | 2002 | 39 | 49 | 12 |
| | 10/03 | 43 | 45 | 12 |
| | 10/04 | 86 | 5 | 9 |
| | 10/05 | 63%(6) | 24%(2) | 13%(1) |
| | 10/06 | 76%(7) | 13%(1) | 11%(1) |
| | 10/07 | 100%(10) | - | - |
| 5. Even if I switch to another natural gas supplier, I will receive the same customer service from O&R as customers who decide to remain with O&R.......................... | 2000 | 65% | 22% | 13% |
| | 2001 | 68 | 20 | 12 |
| | 2002 | 70 | 21 | 9 |
| | 10/03 | 69 | 13 | 18 |
| | 10/04 | 79 | 10 | 11 |
| | 10/05 | 61%(5) | 39%(4) | - |
| | 10/06 | 100%(9) | - | - |
| | 10/07 | 67%(7) | 23%(2) | 11%(1) |

10a-1. [CONTINUED]

| **ROTATE** | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|
| 6. I understand how to make competitive choices and switch to another natural gas supplier if I choose to do so........................................ | 2000 | 79% | 17% | 4% |
| | 2001 | 80 | 15 | 5 |
| | 2002 | 78 | 15 | 7 |
| | 10/03 | 83 | 13 | 4 |
| | 10/04 | 79 | 17 | 4 |
| | 10/05 | 74%(7) | 26%(2) | - |
| | 10/06 | 65%(6) | 35%(3) | - |
| | 10/07 | 68%(7) | 21%(2) | 11%(1) |
| 7. If I switch to another natural gas supplier, I can return to O&R for my natural gas service....................... | 2000 | 91% | 3% | 6% |
| | 2001 | 87 | 6 | 7 |
| | 2002 | 87 | 6 | 7 |
| | 10/03 | 92 | 1 | 7 |
| | 10/04 | 87 | 3 | 10 |
| | 10/05 | 74%(7) | 13%(1) | 13%(1) |
| | 10/06 | 87%(8) | - | 13%(1) |
| | 10/07 | 89%(9) | - | 11%(1) |

10b. **(IF "E ONLY" AND "YES, AWARE" IN 9a OR "E/G" AND "YES, AWARE IN 9a BUT "NO" IN 9c – ALL OTHERS SKIP TO F1)** And based on what you may have heard or read, or any impression you may have, I would like you to tell me whether you agree or disagree with each of the following statements in regard to electric deregulation in New York State and how it affects O&R customers. Do you agree or disagree with the statement (READ ITEM ON LIST)?

**Note: 2005 Base: 72% "aware" electric only customers and 9% combo aware "electric" but not "gas" (17 customers)**
**2006 Base: 64% "aware" electric only customers and 8% combo aware "electric" but not "gas" (15 customers)**
**2007 Base: 70% "aware" electric only customers and 6% combo aware "electric" but not "gas" (14 customers)**

| **ROTATE** | | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|---|
| 1. If my electric supplier fails to supply electricity on my behalf, I understand that O&R will be sure the electricity is delivered to me as needed............................................. | | 10/04 | 78% | 7% | 15% |
| | [electric] | 10/05 | 77 | 13 | 10 |
| | [electric] | 10/06 | 83 | 7 | 10 |
| | [electric] | 10/07 | 77 | 9 | 14 |
| | [combo] | 10/05 | 80%(14) | 7%(1) | 13%(2) |
| | [combo] | 10/06 | 47%( 7) | 24%(4) | 29%(4) |
| | [combo] | 10/07 | 58%( 8) | 17%(2) | 25%(4) |
| 2. If there is a power outage or other electric emergency, I should call O&R regardless of the electric supplier I choose. | | 10/04 | 78% | 10% | 12% |
| | [electric] | 10/05 | 73 | 17 | 10 |
| | [electric] | 10/06 | 86 | 7 | 7 |
| | [electric] | 10/07 | 85 | 6 | 9 |
| | [combo] | 10/05 | 81%(14) | 6%(1) | 13%(2) |
| | [combo] | 10/06 | 47%( 7) | 22%(3) | 31%(5) |
| | [combo] | 10/07 | 92%(13) | 8%(1) | - |
| 3. I believe O&R supports competition in the electric industry.... | | 10/04 | 64% | 17% | 19% |
| | [electric] | 10/05 | 62 | 28 | 10 |

| | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|
| [electric] | 10/06 | 69 | 22 | 9 |
| [electric] | 10/07 | 72 | 17 | 11 |
| [combo] | 10/05 | 47%(8) | 33%(6) | 20%(3) |
| [combo] | 10/06 | 54%(9) | 23%(3) | 23%(3) |
| [combo] | 10/07 | 42%(6) | 24%(3) | 34%(5) |

10b. [CONTINUED]

**ROTATE**

| | | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|---|
| 4. The reliability of my electric service will depend on O&R regardless of the supplier I choose | | 10/04 | 77% | 10% | 13% |
| | [electric] | 10/05 | 76 | 11 | 13 |
| | [electric] | 10/06 | 87 | 9 | 4 |
| | [electric] | 10/07 | 79 | 12 | 9 |
| | [combo] | 10/05 | 74%(13) | 6%(1) | 20%(3) |
| | [combo] | 10/06 | 46%( 7) | 32%(5) | 22%(3) |
| | [combo] | 10/07 | 75%(11) | 8%(1) | 17%(2) |
| 5. Even if I switch to another electric supplier, I will receive the same customer service from O&R as customers who decide to remain with O&R | | 10/04 | 76% | 11% | 13% |
| | [electric] | 10/05 | 68 | 17 | 15 |
| | [electric] | 10/06 | 84 | 9 | 7 |
| | [electric] | 10/07 | 78 | 12 | 10 |
| | [combo] | 10/05 | 73%(13) | 14%(2) | 13%(2) |
| | [combo] | 10/06 | 70%(11) | 8%(1) | 22%(3) |
| | [combo] | 10/07 | 66%( 9) | 17%(2) | 17%(2) |
| 6. I understand how to make competitive choices and switch to other electric supplier if I choose to do so | | 10/04 | 76% | 17% | 7% |
| | [electric] | 10/05 | 65 | 30 | 5 |
| | [electric] | 10/06 | 83 | 10 | 7 |
| | [electric] | 10/07 | 78 | 16 | 6 |
| | [combo] | 10/05 | 73%(13) | 20%(3) | 7%(1) |
| | [combo] | 10/06 | 40%( 6) | 22%(3) | 38%(6) |
| | [combo] | 10/07 | 75%(11) | 17%(2) | 8%(1) |
| 7. If I switch to another electric supplier, I can return to O&R for my electric service | | 10/04 | 86% | 4% | 10% |
| | [electric] | 10/05 | 75 | 13 | 12 |
| | [electric] | 10/06 | 94 | - | 6 |
| | [electric] | 10/07 | 89 | 4 | 7 |
| | [combo] | 10/05 | 80%(14) | 7%(1) | 13%(2) |
| | [combo] | 10/06 | 61%( 9) | 8%(1) | 31%(5) |
| | [combo] | 10/07 | 84%(12) | 8%(1) | 8%(1) |

F1. **(DEMOGRAPHICS F1 THROUGH F9a)** **(ASK EVERYONE)** And now a few final questions about you and your household. First, approximately how many years have you been a customer of **[O&R/Rockland Electric]**?

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average years | 20.0 | 20.1 | 20.2 | 19.0 | 19.8 | 19.8 | 21.5 | 22.3 | 20.2 | 23.3 | 21.4 | 23.9 | 20.3 |
| Refused (Vol.) | 1% | 2% | 1% | 1% | 1% | *% | 1% | 1% | 5% | 1% | 1% | *% | 3% |
| Not sure (Vol.) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 2 | 1 | 1 | 1 | * |

F2. From the following age categories, please stop me when I read the category that best represents your age: (READ LIST)

| | '92 | '93 | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 18-24 | 3% | 1% | 3% | 1% | 1% | 2% | 1% | 2% | 2% | 2% | 3% | 1% | 1% | 3% | 2% | 1% | 2% | 1% | 3% | 1% | 2% |
| 25-34 | 15 | 15 | 13 | 14 | 11 | 11 | 12 | 12 | 12 | 12 | 12 | 8 | 9 | 6 | 7 | 7 | 12 | 6 | 9 | 8 | 7 |
| 35-44 | 25 | 26 | 26 | 25 | 27 | 25 | 25 | 25 | 25 | 23 | 24 | 22 | 20 | 18 | 22 | 24 | 19 | 17 | 20 | 15 | 19 |
| 45-54 | 26 | 22 | 26 | 25 | 26 | 27 | 26 | 24 | 24 | 22 | 23 | 22 | 23 | 26 | 27 | 21 | 20 | 20 | 25 | 24 | 27 |
| 55-59 | 8 | 10 | 8 | 11 | 10 | 8 | 8 | 10 | 9 | 10 | 14 | 14 | 12 | 12 | 10 | 16 | 11 | 14 | 11 | 14 | 13 |
| 60 plus | 22 | 24 | 23 | 22 | 23 | 24 | 23 | 25 | 25 | 30 | 22 | 29 | 32 | 31 | 27 | 28 | 27 | 40 | 30 | 37 | 27 |
| Refused | 1 | 2 | 1 | 1 | 2 | 2 | 4 | 2 | 3 | 1 | 2 | 4 | 3 | 4 | 5 | 3 | 9 | 2 | 2 | 1 | 5 |

F3. From the following education categories, please stop me when I read the category that best represents the last grade or level of school that you completed: (READ LIST)

| | '92 | '93 | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1-11 grade | 5% | 4% | 5% | 4% | 4% | 4% | 4% | 3% | 3% | 4% | 4% | 2% | 4% | 5% | 3% | 5% | 2% | 3% | 3% | 2% | 1% |
| HS grad | 29 | 29 | 25 | 23 | 25 | 24 | 21 | 25 | 23 | 18 | 22 | 4 | 20 | 16 | 18 | 16 | 20 | 20 | 21 | 22 | 20 |
| Some coll | 18 | 18 | 18 | 21 | 19 | 19 | 18 | 18 | 16 | 18 | 17 | 20 | 18 | 17 | 17 | 17 | 15 | 20 | 14 | 19 | 18 |

| | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2-yr coll.... | 9 | 8 | 9 | 10 | 12 | 10 | 11 | 10 | 8 | 12 | 10 | 15 | 11 | 10 | 8 | 10 | 5 | 9 | 9 | 10 | 11 |
| 4-year coll.. | 18 | 20 | 23 | 21 | 21 | 20 | 21 | 21 | 23 | 25 | 24 | 11 | 22 | 24 | 24 | 24 | 23 | 24 | 25 | 25 | 23 |
| Graduate sch. | 14 | 11 | 10 | 11 | 11 | 11 | 12 | 11 | 16 | 12 | 12 | 21 | 12 | 16 | 12 | 16 | 14 | 13 | 15 | 10 | 14 |
| Post-grad . | 7 | 8 | 9 | 9 | 6 | 8 | 6 | 8 | 7 | 9 | 8 | 11 | 10 | 9 | 12 | 9 | 8 | 8 | 11 | 9 | 8 |
| Refused..... | - | 2 | 1 | 1 | 1 | 3 | 5 | 4 | 3 | 2 | 2 | 3 | 3 | 4 | 5 | 4 | 2 | 2 | 2 | 2 | 4 |

F4. And from the following income categories, please stop me when I read the category that represents the one for your total household income for this year before taxes: (READ LIST)

| | '92 | '93 | '94 | '95 | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| <$30,000.. ... . | 20% | 12% | 16% | 14% | 17% | 14% | 11% | 9% | 11% | 12% | 8% | 11% | 11% | 7% | 9% | 10% | 12% | 8% | 9% | 8% |
| $30K-$49,999.. . | 25 | 19 | 20 | 21 | 20 | 19 | 17 | 16 | 19 | 14 | 14 | 12 | 12 | 14 | 14 | 9 | 11 | 12 | 12 | 9 |
| $50K-$69,999.... | 9 | 9 | 9 | 10 | 9 | 10 | 8 | 8 | 7 | 6 | 7 | 13 | 14 | 13 | 12 | 12 | 15 | 13 | 13 | 13 |
| $70K plus....... | 29 | 29 | 28 | 35 | 34 | 34 | 36 | 35 | 42 | 43 | 45 | 38 | 37 | 36 | 37 | 26 | 38 | 44 | 44 | 44 |
| Refused (Vol.).. | 14 | 18 | 23 | 18 | 18 | 20 | 23 | 22 | 20 | 23 | 20 | 19 | 24 | 27 | 26 | 40 | 23 | 19 | 21 | 23 |
| Not sure (Vol.). | 3 | 3 | 4 | 2 | 2 | 4 | 3 | 10 | 1 | 2 | 6 | 3 | 2 | 3 | 2 | 3 | 1 | 4 | 1 | 3 |

F5. Do you have access to the Internet at home, at work, or both at home and work?

| | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|
| At home........... | 29% | 31% | 32% | 29% | 27% |
| At work........... | 6 | 5 | 8 | 4 | 4 |
| At home and work.. | 43 | 41 | 35 | 49 | 51 |
| Refused (Vol.).... | 15 | 17 | 16 | 9 | 12 |
| Not sure (Vol.)... | 7 | 6 | 9 | 9 | 6 |

F6-1. **(IF SP#1 AND SP#2, NY – ALL SP#3, NJ SKIP TO F7)** Just as a reminder, please keep in mind that in case of a gas emergency or problem, you should always call O&R.

F6. **(ASK EVERYONE)** Do we have your permission to share your individual results with **[O&R/Rockland Electric]**?

Yes...................89%
No....................11%

NOTE: IF RESPONDENT ASKS FOR TELEPHONE NUMBER, PLEASE PROVIDE THE FOLLOWING: 1-800-533-5325.

F7. (EVERYONE) That concludes the survey. On behalf of (O&R/Rockland Electric), thank you for your time and participation.

**RECORD THE FOLLOWING -- DO NOT ASK**

F8. Respondent Gender:

Male............49%
Female..........51%

F9a. Length of interview: average 13.9 minutes

Account Information from Sample: (Excel column identified)
F10. Zip Code (H)
F11. Account Number (C)
F12. Premise Number (D)
F13. Electric service indicator (Q) n=458 (100%)
F14. Gas service indicator (R) n=217 (47%)
F15. Flat service indicator (S) n=2
F16. Retail (T) n=114 (25%)
F17. Budget plan customer (U) n=166 (36%)
F18. Settlement Month (V)
F19. Bill Month/Amount (W to BE)
F20. Outage report (BF)

Eagle Bay Consulting, Inc.
10 Hudson Watch Drive
Ossining, New York 10562

| | | Weighted | |
|---|---|---|---|
| Division: | Rockland..... | 46% | (116) |
| | Orange....... | 19% | (47) |
| | New Jersey... | 35% | (87) |
| Service: | Electric only | 65% | (163) |
| | Electric & Gas | 35% | ( 87) |

Project No. 1460 - **CAS BUSINESS**
Oct 17-31, 2007

**Top line – November 5,2007**
N = 250

**SWITCHBOARD INTRODUCTION**:
Hello, my name is (INTERVIEWER NAME). I'm calling from Eagle Bay Consulting, a public opinion research firm. We're conducting an opinion survey for (Orange and Rockland Utilities/Rockland Electric). They are interested in obtaining feedback from their business customers about the service they provide. I'd like to locate the person in your organization who is responsible for electric and natural gas decisions and who typically has contact with (O&R/Rockland Electric). May I please have the name and title of that person? I promise that as a result of this call no one will try to sell anything to your organization.
**IF PERSON ANSWERING PHONE IS ELIGIBLE**: The interview will take about 15 minutes. Is this a convenient time for you or shall I call back at another time? (IF CONVENIENT - CONTINUE; IF NOT CONVENIENT, TRY TO SET UP TIME FOR CALL BACK)
**IF PERSON ANSWERING PHONE IS NOT ELIGIBLE**: ASK TO SPEAK WITH ELIGIBLE RESPONDENT AND USE INTRODUCTION BELOW AND VERIFY THAT IT IS A CONVENIENT TIME FOR THE RESPONDENT TO PARTICIPATE
**RESPONDENT INTRODUCTION**:
Hello, my name is (INTERVIEWER NAME). I'm calling from Eagle Bay Consulting, a public opinion research firm. We're conducting an opinion survey for (Orange and Rockland Utilities/Rockland Electric). They are interested in obtaining feedback from their business customers about the service they provide. Are you the person in your organization who is responsible for energy decisions and is most knowledgeable about the types of energy your organization uses at this location, such as electricity and natural gas, and who typically has contact with (O&R/Rockland Electric)?
**IF NOT, ASK**: May I please have the name and title of that person? I promise that as a result of this call no one will try to sell anything to your organization.
**IF YES**: Your opinion is valuable to (O&R/Rockland Electric). You have our pledge that this interview is being conducted off the record -- that your identity and specific attitudes and opinions will be held in strict confidence. I also assure you that as a result of this call no one will try to sell anything to your organization. In answering this survey, we would like you to keep in mind the building and all facilities at this location that you make energy decisions for.

**CAS DEPENDENT VARIABLE**
1a. First, in thinking about all aspects of **[O&R/Rockland Electric]**, please rate your satisfaction on a scale where "1" means "very dissatisfied" and "5" means "very satisfied." How would you rate **[O&R/Rockland Electric]** on this "1" to "5" scale?

| | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|
| Average score.... | 3.6 | 3.9 | 4.0 | 4.1 | 3.9 | 4.0 | 3.9 | 4.0 | 3.9 |
| Not sure (Vol.).. | 1% | 1% | *% | 1% | 1% | 3% | 1% | -% | 1% |

**CAS DEPENDENT VARIABLE**
1b. And please rate your organization's opinion of **(O&R/Rockland Electric)** on a scale of "1" to "5" where "1" means very unfavorable and "5" means very favorable? How would you rate (O&R/Rockland Electric) on this scale?

| | 2000 | 2001 | 2002 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Average............ | 3.7 | 3.8 | 3.8 | 3.6 | 3.9 | 3.9 | 4.0 | 3.8 | 3.9 | 3.9 | 3.9 | 3.9 |
| Not sure (Vol.).... | 2% | 1% | 2% | 4% | 2% | 2% | 4% | 2% | 5% | 1% | 4% | 3% |

**CAS DEPENDENT VARIABLE**
1c. If value means that the service you receive is worth the price you pay, how would you assess the value of your electric service -- excellent, good, fair or poor?

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Excellent....... | 15% | 12% | 14% | 13% | 14% | 9% | 12% | 11% | 24% | 15% | 29% | 19% | 14% | 16% | 20% | 19% | 21% |
| Good............ | 42 | 44 | 49 | 50 | 40 | 51 | 58 | 52 | 36 | 45 | 42 | 44 | 47 | 43 | 43 | 51 | 45 |
| Fair............ | 29 | 26 | 25 | 25 | 32 | 26 | 26 | 26 | 25 | 28 | 20 | 28 | 27 | 27 | 23 | 15 | 18 |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Poor............ | 13 | 16 | 9 | 11 | 13 | 10 | 4 | 8 | 13 | 8 | 7 | 5 | 9 | 9 | 11 | 10 | 11 |
| Not sure (Vol.). | 1 | 2 | 3 | 1 | 1 | 4 | - | 3 | 2 | 4 | 2 | 4 | 3 | 5 | 3 | 5 | 5 |

**CAS DEPENDENT VARIABLE**

1d. **(IF TYPE OF SERVICE "ELEC/GAS" OR "GAS" - ALL "ELEC ONLY" SKIP TO 1e)** And would you rate the value of your natural gas service as excellent, pretty good, not so good or poor?

| | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|
| Base: | (36%) | (42%) | (40%) | (41%) | (33%) | (35%) | (42%) | (38%) | (35%) |
| Excellent........... | 25% | 16% | 28% | 24% | 16% | 18% | 25% | 14% | 30% |
| Pretty good......... | 45 | 54 | 47 | 51 | 50 | 53 | 45 | 57 | 52 |
| Not so good......... | 8 | 8 | 7 | 6 | 13 | 12 | 11 | 6 | 2 |
| Poor................ | 6 | 7 | 1 | 2 | 11 | 14 | 11 | 12 | 9 |
| Not sure (Vol.)..... | 16 | 15 | 17 | 17 | 10 | 3 | 8 | 11 | 7 |

1e. **(ASK EVERYONE)** And how would you rate the job **[O&R/Rockland Electric]** does in taking an active role in the community – is this excellent, pretty good, not so good or poor?

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Excellent......... | 16% | 10% | 14% | 11% | 10% | 12% | 16% | 10% | 16% | 15% | 16% | 14% | 13% | 17% | 19% |
| Pretty good....... | 35 | 41 | 42 | 40 | 42 | 39 | 44 | 47 | 30 | 43 | 36 | 39 | 46 | 39 | 48 |
| Not so good....... | 9 | 9 | 8 | 9 | 9 | 13 | 7 | 7 | 12 | 8 | 6 | 7 | 9 | 8 | 5 |
| Poor.............. | 4 | 5 | 4 | 2 | 6 | 3 | 3 | 5 | 12 | 6 | 5 | 4 | 5 | 7 | 5 |
| Not sure (Vol.)... | 36 | 35 | 32 | 38 | 33 | 33 | 30 | 31 | 30 | 28 | 37 | 36 | 27 | 29 | 23 |

1f. And using a scale of "1" meaning you strongly disagree to "5" meaning you strongly agree, how much do you agree with the statement **[O&R/Rockland Electric)**:

**ROTATE**

| | | Average Score | Not Sure (Vol) |
|---|---|---|---|
| **GAS & ELECTRIC CAS (COMPANY ATTRIBUTES)** | | | |
| 1. Is a well organized and efficient company.......... | 10/03 | 3.5 | 6% |
| | 5/04 | 3.7 | 5% |
| | 10/04 | 3.8 | 6% |
| | 6/05 | 4.0 | 6% |
| | 10/05 | 3.7 | 9% |
| | 6/06 | 3.9 | 5% |
| | 10/06 | 3.7 | 5% |
| | 6/07 | 3.8 | 3% |
| | 10/07 | 3.7 | 9% |
| **GAS & ELECTRIC CAS (COMPANY ATTRIBUTES)** | | | |
| 2. Deals fairly and honestly with customers........... | 10/03 | 3.6 | 2% |
| | 5/04 | 3.8 | 4% |
| | 10/04 | 3.9 | 2% |
| | 6/05 | 4.0 | 4% |
| | 10/05 | 3.8 | 2% |
| | 6/06 | 3.8 | 5% |
| | 10/06 | 3.8 | 1% |
| | 6/07 | 3.8 | 1% |
| | 10/07 | 3.7 | 3% |
| 3. Is committed to ensuring public safety................ | 10/06 | 4.0 | 14% |
| | 10/07 | 3.9 | 9% |
| 4. Supports local community activities................... | 10/06 | 3.6 | 40% |
| | 10/07 | 3.4 | 35% |

1f. [CONTINUED] **(CAS #1,2)** And using a scale of "1" meaning you strongly disagree to "5" meaning you strongly agree, how much do you agree with the statement **[O&R/Rockland Electric)**:

**ROTATE**

| | | Average Score | Not Sure (Vol) |
|---|---|---|---|
| 5. Offers assistance to customers in managing their energy use | 10/06 | 3.4 | 15% |
| | 10/07 | 3.5 | 10% |
| 6. Is a good neighbor that supports non-profit organizations and volunteerism in the community...................... | 10/06 | 3.5 | 45% |
| | 10/07 | 3.5 | 33% |

2a **(ASK EVERYONE)** In (READ ITEM ON LIST) — does **[O&R/Rockland Electric]** do an excellent, pretty good, not so good or poor job? (RECORD BELOW -- CONTINUE FOR EACH ITEM)

| Excellent | Pretty Good | Not so Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| 1. Being environmentally responsible....... | 1996 | 15% | 42% | 4% | 1% | 38% |
| | 1997 | 12 | 44 | 6 | 2 | 36 |
| | 1998 | 14 | 48 | 7 | 2 | 29 |
| | 1999 | 11 | 45 | 4 | 2 | 38 |
| | 2000 | 13 | 42 | 5 | 3 | 37 |
| | 2001 | 17 | 44 | 8 | - | 31 |
| | 2002 | 10 | 59 | 3 | - | 28 |
| | 6/03 | 12 | 50 | 2 | 3 | 33 |
| | 10/03 | 14 | 44 | 12 | 5 | 25 |
| | 5/04 | 15 | 42 | 4 | 3 | 36 |
| | 10/04 | 19 | 47 | 4 | 3 | 27 |
| | 6/05 | 15 | 49 | 3 | 2 | 31 |
| | 10/05 | 14 | 48 | 7 | 2 | 29 |
| | 10/06 | 17 | 44 | 9 | 3 | 27 |
| | 10/07 | 18 | 50 | 4 | 6 | 22 |
| 2. Conducting themselves in an open and honest manner............................. | 10/03 | 21% | 50% | 11% | 10% | 8% |
| | 10/04 | 24 | 55 | 7 | 7 | 7 |
| | 10/05 | 21 | 57 | 10 | 5 | 7 |
| | 10/06 | 20 | 56 | 9 | 7 | 8 |
| | 10/07 | 24 | 56 | 8 | 5 | 7 |
| 3. Maintaining its energy delivery system...... | 10/06 | 31% | 56% | 5% | 4% | 4% |
| | 10/07 | 33 | 56 | 4 | 4 | 3 |
| 4. Maintaining good working relationships with local police, fire department and other emergency services..................... | 10/06 | 22% | 34% | 2% | 1% | 41% |
| | 10/07 | 19 | 44 | 4 | 4 | 29 |

2b. And do you rate the job (O&R's/Rockland Electric's) <u>management</u> does in operating the company as excellent, pretty good, not so good or poor?

| | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|
| Excellent.......... | 15% | 19% | 13% | 14% | 20% |
| Pretty good........ | 53 | 55 | 57 | 50 | 52 |
| Not so good........ | 9 | 8 | 8 | 10 | 7 |
| Poor............... | 9 | 6 | 7 | 3 | 4 |
| Not sure (Vol.).... | 14 | 12 | 15 | 23 | 17 |

3a. How would you assess the <u>quality of the electric power</u> your organization receives <u>at this location</u>, that is the lack of surges, dips or fluctuations or brief outages of less than 1 minute -- are you very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Very satisfied........ | 41% | 41% | 48% | 35% | 45% | 42% | 40% | 43% | 31% | 46% | 52% | 43% | 40% | 44% | 50% |
| Somewhat satisfied.... | 39 | 40 | 32 | 43 | 35 | 40 | 38 | 38 | 39 | 37 | 34 | 41 | 41 | 39 | 38 |
| Somewhat dissatisfied. | 13 | 11 | 12 | 14 | 11 | 9 | 11 | 9 | 17 | 9 | 8 | 10 | 13 | 12 | 7 |
| Very dissatisfied..... | 6 | 6 | 6 | 6 | 9 | 7 | 10 | 4 | 12 | 7 | 5 | 3 | 4 | 4 | 4 |
| Not sure (Vol.)....... | 1 | 1 | 2 | 2 | - | 2 | 1 | 6 | 1 | 1 | 1 | 3 | 2 | 1 | 1 |

3b. And how would you assess the <u>reliability of electric power</u> your organization receives <u>at this location</u>, that is the lack of outages lasting over 5 minutes -- are you very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied?

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Very satisfied........ | 52% | 49% | 51% | 42% | 47% | 52% | 47% | 46% | 41% | 46% | 58% | 45% | 40% | 47% | 46% |
| Somewhat satisfied.... | 32 | 35 | 30 | 38 | 33 | 36 | 35 | 41 | 31 | 38 | 32 | 39 | 39 | 35 | 41 |
| Somewhat dissatisfied. | 9 | 9 | 11 | 12 | 9 | 8 | 12 | 7 | 15 | 8 | 5 | 12 | 14 | 9 | 5 |
| Very dissatisfied..... | 6 | 5 | 6 | 7 | 10 | 3 | 5 | 4 | 11 | 7 | 4 | 1 | 3 | 7 | 5 |
| Not sure (Vol.)....... | 1 | 2 | 2 | 1 | 1 | 1 | 1 | 2 | 2 | 1 | 1 | 3 | 4 | 2 | 3 |

**GAS & ELECTRIC CAS (ENERGY DELIVERY)**

3c. On a scale of "1" meaning strongly <u>disagree</u> to "5" meaning strongly <u>agree</u>, how much do you agree with the statement "The power supply I receive from [O&R/Rockland Electric] is near perfect, with few, if any outages, power surges or fluctuations?"

| | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|
| Average score.... | 3.5 | 3.7 | 3.9 | 3.7 | 3.6 | 3.5 | 3.6 | 3.7 | 3.2 |
| Not sure (Vol.).. | 2% | 1% | 1% | 2% | 4% | 3% | 4% | 2% | 2% |

3d. During the past 12 months, how many electric service <u>outages</u> lasting longer than 5 minutes, if any, did your organization experience at this location? (DO NOT PROMPT)

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Experienced 1 or more... | 66% | 65% | 54% | 73% | 68% | 57% | 65% | 66% | 55% | 66% | 59% | 42% |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| None.................... | 28 | 25 | 38 | 16 | 26 | 34 | 30 | 20 | 33 | 11 | 34 | 52 |
| Not sure (Vol.)......... | 6 | 10 | 8 | 11 | 6 | 9 | 5 | 14 | 12 | 23 | 7 | 6 |
| Average................. | 2.3 | 3.5 | 1.7 | 2.9 | 3.2 | 1.9 | 2.4 | 2.6 | 1.6 | 2.2 | 1.9 | 1.6 |

**GAS & ELECTRIC CAS (ENERGY DELIVERY)**

3e. How effective do you think **(O&R/Rockland Electric)** is in trying to reduce and keep down the number of power interruptions -- very effective, somewhat effective, somewhat ineffective, or very ineffective?

| | '96 | '97 | '98 | '99 | 2000 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Very effective..... | 46% | 46% | 49% | 42% | 41% | 44% | 46% | 45% | 37% | 45% | 55% | 40% | 45% | 34% | 44% | 39% | 48% |
| Somewhat effective. | 37 | 34 | 34 | 39 | 38 | 46 | 40 | 35 | 35 | 37 | 32 | 43 | 40 | 45 | 37 | 44 | 38 |
| Somewhat effective. | 6 | 6 | 7 | 9 | 12 | 3 | 9 | 7 | 11 | 6 | 4 | 4 | 8 | 10 | 7 | 8 | 7 |
| Very ineffective... | 3 | 5 | 3 | 4 | 7 | 2 | 2 | 3 | 7 | 4 | 4 | 3 | 2 | 3 | 4 | 4 | 2 |
| Not sure (Vol.).... | 8 | 9 | 7 | 6 | 2 | 5 | 3 | 10 | 10 | 8 | 5 | 10 | 5 | 8 | 8 | 5 | 5 |

3f. And in [READ ITEM] -- does **(O&R/Rockland Electric)** do an excellent, pretty good, not so good or poor job? (RECORD BELOW -- CONTINUE FOR EACH ITEM -- REPEAT ALL ANSWER CATEGORIES EACH TIME)

| **GAS & ELECTRIC CAS (ENERGY DELIVERY)** | | Excellent | Pretty Good | Not so Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| 1. Restoring electric power quickly........... | 10/03 | 23% | 51% | 13% | 8% | 5% |
| | 5/04 | 33 | 51 | 7 | 5 | 4 |
| | 10/04 | 28 | 58 | 8 | 3 | 3 |
| | 6/05 | 30 | 59 | 5 | 1 | 5 |
| | 10/05 | 25 | 62 | 7 | 2 | 4 |
| | 6/06 | 22 | 60 | 10 | 4 | 4 |
| | 10/06 | 27 | 57 | 10 | 3 | 3 |
| | 6/07 | 24 | 66 | 4 | 5 | 1 |
| | 10/07 | 28 | 50 | 9 | 4 | 9 |
| 2. Keeping the number of outages down........... | 1996 | 32% | 52% | 8% | 3% | 5% |
| | 1997 | 27 | 56 | 8 | 4 | 5 |
| | 1998 | 31 | 52 | 9 | 3 | 5 |
| | 1999 | 22 | 56 | 13 | 5 | 4 |
| | 2000 | 23 | 58 | 8 | 9 | 2 |
| | 2001 | 27 | 60 | 8 | 3 | 2 |
| | 2002 | 32 | 54 | 9 | 4 | 1 |
| | 6/03 | 24 | 63 | 6 | 3 | 4 |
| | 10/03 | 22 | 50 | 12 | 10 | 6 |
| | 5/04 | 31 | 51 | 7 | 5 | 6 |
| | 10/04 | 29 | 54 | 7 | 5 | 5 |
| | 6/05 | 26 | 59 | 6 | 4 | 5 |
| | 10/05 | 27 | 54 | 10 | 3 | 6 |
| | 10/06 | 31 | 49 | 9 | 5 | 6 |
| | 10/07 | 33 | 53 | 7 | 4 | 3 |
| 3. Providing accurate information on when your power will be restored.................. | 10/03 | 17% | 44% | 15% | 13% | 11% |
| | 10/04 | 21 | 51 | 14 | 6 | 8 |
| | 10/05 | 17 | 55 | 16 | 6 | 6 |
| | 10/06 | 22 | 50 | 13 | 6 | 9 |
| | 10/07 | 25 | 49 | 12 | 4 | 10 |
| 4. Being easy to reach to report a power problem. | 10/03 | 23% | 41% | 13% | 13% | 10% |
| | 10/04 | 28 | 47 | 11 | 9 | 5 |
| | 10/05 | 27 | 51 | 11 | 6 | 5 |
| | 10/06 | 30 | 45 | 12 | 8 | 5 |
| | 10/07 | 32 | 50 | 6 | 5 | 7 |

3g. **[IF "E/G" OR "G" – ALL "E" ONLY SKIP TO 4a)** Overall, how satisfied are you with the reliability of O&R's natural gas service -- are you very satisfied, fairly satisfied, not too satisfied or not at all satisfied?

| | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|
| (Base) | (41%) | (36%) | (40%) | (33%) | (42%) | (35%) |
| Very satisfied............. | 47% | 38% | 50% | 45% | 58 | 62 |
| Fairly satisfied........... | 29 | 35 | 34 | 35 | 27 | 30 |
| Not too satisfied.......... | 4 | 3 | 2 | 6 | 5 | 2 |
| Not at all satisfied........ | 3 | 3 | - | 6 | 2 | - |
| Not sure (Vol.)............ | 17 | 21 | 14 | 8 | 8 | 6 |

4a. **(ASK EVERYONE)** And in (READ ITEM ON LIST) -- does **(O&R/Rockland Electric)** do an excellent, pretty good, not so good or poor job? (RECORD BELOW -- CONTINUE FOR EACH ITEM)

| Excellent | Pretty Good | Not so Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| **GAS & ELECTRIC CAS (CUSTOMER RELATIONS)** | | | | | | |
| 1. Providing convenient telephone access to a company representative.................... | 10/03 | 24% | 38% | 15% | 11% | 12% |
| | 5/04 | 24 | 39 | 20 | 13 | 4 |
| | 10/04 | 23 | 48 | 12 | 12 | 5 |
| | 6/05 | 22 | 57 | 11 | 6 | 4 |
| | 10/05 | 20 | 51 | 16 | 8 | 5 |
| | 6/06 | 26 | 48 | 14 | 7 | 5 |
| | 10/06 | 26 | 43 | 16 | 7 | 8 |
| | 6/07 | 19 | 52 | 14 | 8 | 7 |
| | 10/07 | 27 | 53 | 9 | 6 | 5 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **GAS & ELECTRIC CAS (CUSTOMER RELATIONS)** | | | | | | |
| 2. Making it easy for customers to do business with them.................................. | 1996 | 27% | 57% | 8% | 4% | 4% |
| | 1997 | 17 | 60 | 12 | 6 | 4 |
| | 1998 | 21 | 62 | 8 | 5 | 4 |
| | 1999 | 17 | 62 | 11 | 5 | 5 |
| | 2000 | 20 | 52 | 17 | 8 | 3 |
| | 2001 | 16 | 61 | 12 | 8 | 3 |
| | 2002 | 13 | 70 | 12 | 3 | 2 |
| | 6/03 | 20 | 60 | 8 | 8 | 4 |
| | 10/03 | 27 | 50 | 12 | 9 | 2 |
| | 5/04 | 26 | 51 | 11 | 8 | 4 |
| | 10/04 | 26 | 55 | 9 | 7 | 3 |
| | 6/05 | 24 | 60 | 8 | 6 | 2 |
| | 10/05 | 23 | 56 | 10 | 8 | 3 |
| | 6/06 | 28 | 54 | 10 | 6 | 2 |
| | 10/06 | 28 | 52 | 11 | 6 | 3 |
| | 6/07 | 20 | 64 | 10 | 5 | 1 |
| | 10/07 | 32 | 49 | 9 | 7 | 3 |
| 3. Being courteous to customers................ | 10/03 | 39% | 46% | 4% | 6% | 5% |
| | 10/04 | 38 | 54 | 3 | 3 | 2 |
| | 10/05 | 38 | 55 | 3 | 2 | 2 |
| | 10/06 | 38 | 52 | 4 | 2 | 4 |
| | 10/07 | 43 | 47 | 4 | 4 | 2 |
| 4. Communicating effectively with customers like you................................. | 10/03 | 25% | 49% | 11% | 13% | 2% |
| | 10/04 | 24 | 54 | 12 | 7 | 3 |
| | 10/05 | 20 | 57 | 15 | 6 | 2 |
| | 10/06 | 25 | 52 | 13 | 7 | 3 |
| | 10/07 | 36 | 52 | 6 | 4 | 2 |
| 5. Responding quickly to customer questions and problems............................. | 10/03 | 21% | 51% | 11% | 13% | 4% |
| | 10/04 | 23 | 56 | 11 | 7 | 3 |
| | 10/05 | 23 | 51 | 16 | 5 | 5 |
| | 10/06 | 26 | 48 | 17 | 4 | 5 |
| | 10/07 | 34 | 54 | 7 | 4 | 1 |
| 6. Being genuinely concerned about customer needs and problems......................... | 1996 | 26% | 49% | 13% | 4% | 8% |
| | 1997 | 11 | 57 | 15 | 7 | 9 |
| | 1998 | 15 | 60 | 11 | 8 | 6 |
| | 1999 | 15 | 60 | 13 | 7 | 5 |
| | 2000 | 21 | 48 | 16 | 11 | 4 |
| | 2001 | 11 | 62 | 14 | 8 | 5 |
| | 2002 | 12 | 60 | 18 | 6 | 4 |
| | 6/03 | 13 | 61 | 12 | 7 | 7 |
| | 10/03 | 21 | 44 | 17 | 13 | 5 |
| | 5/04 | 18 | 50 | 15 | 9 | 8 |
| | 10/04 | 20 | 57 | 10 | 9 | 4 |
| | 6/05 | 20 | 57 | 12 | 6 | 5 |
| | 10/05 | 20 | 53 | 16 | 7 | 4 |
| | 10/06 | 21 | 52 | 15 | 6 | 6 |
| | 10/07 | 29 | 53 | 7 | 6 | 5 |

5a. Over the past 12 months, has your organization called or visited or written or e-mailed **(O&R/Rockland Electric)** for any reason? (MULTIPLE RESPONSES PERMITTED -- RECORD EACH TYPE OF CONTACT)

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Called.................. | 39% | 43% | 33% | 33% | 8% | 15% | 24% | 54% | 58% | 58% | 58% | 37% |
| Visited................. | 2 | 4 | 5 | 3 | 1 | 1 | 2 | 3 | 4 | 3 | 4 | 3 |
| Written................. | 4 | 3 | 3 | 2 | 2 | 1 | 3 | 3 | 3 | 2 | 4 | 2 |
| Internet/e-mail......... | - | - | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 4 | 4 | 2 |
| Did not call/visit/write | 57 | 50 | 60 | 62 | 88 | 79 | 70 | 40 | 33 | 39 | 34 | 54 |
| Do not remember (Vol.).. | - | 1 | * | 1 | - | * | * | * | 2 | 1 | 2 | 2 |
| Not sure (Vol.)......... | 1 | 1 | 1 | 1 | 3 | 4 | 3 | 4 | 4 | 2 | 2 | 4 |
| **Net contact.............** | **42%** | **47%** | **38%** | **36%** | **10%** | **17%** | **27%** | **56%** | **61%** | **59%** | **62%** | **41%** |

5b. **(IF "CALLED, VISITED" WRITTEN, INTERNET/E-MAIL" IN 5a – ALL OTHERS SKIP TO 5e)** What was the main reason for your organizations's <u>most recent contact</u> with **(O&R/Rockland Electric)**? (DO NOT

READ -- SINGLE RECORD ONLY – MULTIPLE RESPONSE PERMITTED)

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Base: | (42%) | (47%) | (38%) | (36%) | (10%) | (17%) | (27%) | (56%) | (61%) | (59%) | (62%) | (41%) |
| Billing: report problem/question... | 19% | 28% | 30% | 29% | 27% | 45% | 38% | 33% | 37% | 35% | 39% | 42% |
| Power outage/outage report/question.. | 46 | 26 | 21 | 37 | 33 | 22 | 27 | 34 | 32 | 31 | 27 | 32 |
| Other service requests............... | 18 | 31 | 26 | 19 | 18 | 22 | 13 | 7 | 13 | 8 | 7 | 10 |
| Connect/disconnect service........... | 6 | 3 | 3 | 1 | - | - | 4 | 5 | 2 | 5 | 2 | 5 |
| Gas leak/gas problem/emergency........ | 2 | 4 | 3 | 3 | - | 3 | 2 | 2 | 1 | - | 1 | 5 |
| Meter problem/question................ | 4 | 7 | 3 | 4 | 5 | 4 | 1 | 3 | 4 | 3 | 4 | 4 |
| Power surges/quality problems/question | - | - | - | 2 | 5 | 1 | 4 | 5 | 4 | 1 | 3 | 2 |
| Credit/payment extension request..... | - | - | - | - | - | - | 3 | 1 | 2 | - | 3 | 2 |
| Change electric utility/natural gas co | - | - | 1 | 1 | - | - | - | 1 | 1 | 1 | 1 | 1 |
| Retail Choice/Dereg/Power Pick/NJEC... | 1 | 1 | 1 | 1 | - | 2 | - | 1 | 1 | - | 1 | 1 |
| Other (SPECIFY)....................... | 2 | 1 | 8 | * | 12 | - | 4 | 6 | 2 | 14 | 13 | 5 |
| Not sure.............................. | 4 | - | 5 | 3 | - | 1 | 4 | 2 | 1 | 2 | 3 | 1 |

5c. **(IF "CALLED" OR "VISITED" IN 5a -- ALL OTHERS IN THIS SERIES SKIP TO 5d)** And how would you rate the employee who assisted you in (READ ITEM ON LIST) -- excellent, pretty good, not so good or poor? (RECORD -- CONTINUE FOR EACH ITEM ON LIST)

| | | Excellent | Good | Good | Poor | (Vol.) |
|---|---|---|---|---|---|---|
| 1. Listening carefully to your question, request or comments ...................... | 1996 | 38% | 43% | 4% | 8% | 7% |
| | 1997 | 38 | 43 | 5 | 7 | 7 |
| | 1998 | 46 | 36 | 6 | 8 | 4 |
| | 1999 | 31 | 50 | 7 | 7 | 5 |
| | 2000 | 27 | 60 | - | 5 | 8 |
| | 2001 | 50 | 33 | 9 | 6 | 2 |
| | 2002 | 52 | 36 | 6 | 5 | 1 |
| | 10/03 | 40 | 41 | 5 | 12 | 2 |
| | 10/04 | 41 | 46 | 10 | 3 | * |
| | 10/05 | 37 | 42 | 11 | 4 | 6 |
| | 10/06 | 43 | 39 | 9 | 5 | 4 |
| | 10/07 | 37 | 48 | 7 | 3 | 5 |
| 2. Having enough authority to resolve your problems or provide the assistance you requested................................ | 1996 | 35% | 33% | 11% | 11% | 10% |
| | 1997 | 32 | 39 | 8 | 11 | 9 |
| | 1998 | 32 | 41 | 11 | 12 | 4 |
| | 1999 | 26 | 40 | 14 | 16 | 4 |
| | 2000 | 15 | 41 | 14 | 15 | 15 |
| | 2001 | 47 | 29 | 7 | 10 | 7 |
| | 2002 | 40 | 35 | 10 | 13 | 2 |
| | 10/03 | 30 | 34 | 16 | 15 | 5 |
| | 10/04 | 33 | 39 | 15 | 10 | 3 |
| | 10/05 | 25 | 48 | 15 | 7 | 5 |
| | 10/06 | 28 | 35 | 20 | 13 | 4 |
| | 10/07 | 34 | 43 | 13 | 4 | 6 |

5c. [CONTINUED] **(IF "CALLED" OR "VISITED" IN 5a -- ALL OTHERS IN THIS SERIES SKIP TO 5d)** And how would you rate the employee who assisted you in (READ ITEM ON LIST) -- excellent, pretty good, not so good or poor? (RECORD -- CONTINUE FOR EACH ITEM ON LIST)

| | | Excellent | Good | Good | Poor | (Vol.) |
|---|---|---|---|---|---|---|
| 3. Taking the time you feel was necessary to provide assistance to you.................. | 1996 | 42% | 35% | 6% | 9% | 8% |
| | 1997 | 37 | 40 | 8 | 7 | 7 |
| | 1998 | 39 | 44 | 7 | 8 | 2 |
| | 1999 | 30 | 47 | 12 | 7 | 4 |
| | 2000 | 18 | 63 | 8 | 3 | 8 |
| | 2001 | 48 | 30 | 10 | 10 | 2 |
| | 2002 | 50 | 33 | 7 | 8 | 2 |
| | 10/03 | 38 | 37 | 9 | 12 | 4 |
| | 10/04 | 42 | 42 | 9 | 6 | 1 |
| | 10/05 | 33 | 47 | 11 | 7 | 2 |
| | 10/06 | 39 | 38 | 12 | 8 | 3 |
| | 10/07 | 34 | 50 | 7 | 4 | 5 |
| 4. Treating you with courtesy................. | 1996 | 48% | 37% | 5% | 5% | 5% |
| | 1997 | 50 | 37 | 4 | 3 | 7 |
| | 1998 | 59 | 30 | 2 | 7 | 2 |
| | 1999 | 43 | 44 | 3 | 6 | 4 |
| | 2000 | 33 | 51 | 3 | 5 | 8 |
| | 2001 | 58 | 30 | 5 | 5 | 2 |
| | 2002 | 54 | 35 | 4 | 5 | 2 |
| | 10/03 | 46 | 41 | 2 | 9 | 2 |
| | 10/04 | 49 | 42 | 5 | 4 | * |
| | 10/05 | 40 | 50 | 3 | 3 | 4 |
| | 10/06 | 44 | 44 | 5 | 3 | 4 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | 10/07 | 43 | 48 | 5 | 2 | 2 |
| 5. Answering your questions or resolving your problem.............................. | 1996 | 34% | 38% | 11% | 11% | 6% |
| | 1997 | 33 | 43 | 7 | 9 | 9 |
| | 1998 | 37 | 40 | 7 | 11 | 5 |
| | 1999 | 28 | 40 | 14 | 13 | 5 |
| | 2000 | 20 | 50 | 13 | 5 | 12 |
| | 2001 | 47 | 24 | 16 | 11 | 2 |
| | 2002 | 43 | 27 | 10 | 14 | 6 |
| | 10/03 | 33 | 35 | 13 | 18 | 1 |
| | 10/04 | 37 | 37 | 15 | 10 | 1 |
| | 10/05 | 28 | 42 | 18 | 9 | 3 |
| | 10/06 | 29 | 38 | 17 | 11 | 5 |
| | 10/07 | 34 | 44 | 12 | 6 | 4 |

5d. **(IF "CALLED", "VISITED" "WRITTEN" OR "INTERNET/EMAIL" IN 5a – ALL OTHERS SKIP TO 5e)** And thinking of your most recent contact, how satisfied were you with the outcome — very satisfied, somewhat satisfied, somewhat dissatisfied or very dissatisfied?

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Base: | (42%) | (47%) | (38%) | (36%) | (10%) | (17%) | (27%) | (56%) | (61%) | (59%) | (62%) | (41%) |
| Very satisfied.......... | 39% | 50% | 45% | 29% | 15% | 44% | 45% | 36% | 46% | 40% | 45 | 37 |
| Somewhat satisfied...... | 36 | 22 | 29 | 34 | 42 | 25 | 26 | 30 | 31 | 30 | 30 | 32 |
| Somewhat dissatisfied... | 10 | 11 | 8 | 18 | 21 | 17 | 9 | 7 | 6 | 11 | 11 | 11 |
| Very dissatisfied....... | 12 | 14 | 15 | 19 | 12 | 12 | 17 | 25 | 15 | 15 | 13 | 17 |
| Not resolved yet (Vol.). | 1 | 2 | 3 | - | 7 | 2 | 3 | * | 2 | 4 | 1 | 3 |
| Not sure (Vol.)......... | 2 | 1 | 1 | - | 3 | - | - | 2 | * | - | - | - |

5e. **(ASK NY, SP#1 & SP#2 – ALL NJ, SP#3 SKIP TO 6a))** As part of energy deregulation, O&R and all other electric utilities were required to sell their power plants. As far as you know, has O&R sold all its power plants <u>or</u> does O&R still own and operate some power plants?

| | 10/06 | 10/07 |
|---|---|---|
| Sold all power plants.................. | 8% | 25% |
| Still owns & operates some power plants. | 19 | 22 |
| Not sure (Vol.)........................ | 73 | 53 |

5f. **(IF "SOLD ALL POWER PLANTS" IN 5e – ALL OTHERS SKIP TO 5g)** For customers who continue to purchase energy from O&R, the Company purchases the necessary energy on the open market from power generators. In your opinion, how much control does the company have on the price it pays for the supply of <u>**electricity**</u> it delivers to customers – does O&R have a great deal of control, some control, very little control or no control at all?

| | 10/06 | 10/07 |
|---|---|---|
| (Base) | ( 8%) | (25%) |
| A great deal of control... | 21% | 25% |
| Some control.............. | 25 | 47 |
| Very little control....... | 34 | 19 |
| No control at all......... | 7 | 6 |
| Not sure (Vol.)........... | 13 | 3 |

5g. **(IF "STILL OWNS AND OPERATES SOME POWER PLANTS" OR "NOT SURE"IN 5e – ALL OTHERS SKIP TO 6a)** In fact, O&R has sold all its power plants, so for customers who continue to purchase energy from O&R, the Company purchases the necessary energy on the open market from power generators. In your opinion, how much control does the company have on the price it pays for the supply of <u>**electricity**</u> it delivers to customers – does **[O&R/ROCKLAND ELECTRIC]** have a great deal of control, some control, very little control or no control at all?

| | 10/06 | 10/07 |
|---|---|---|
| (Base) | (19%) | (22%) |
| A great deal of control... | 16% | 25% |
| Some control.............. | 27 | 36 |
| Very little control....... | 15 | 8 |
| No control at all......... | 3 | 1 |
| Not sure (Vol.)........... | 40 | 30 |

**GAS CAS (PRICE OPINION)**

6a. **(ASK EVERYONE)** And do you think the price you pay for <u>electricity</u> today is low, reasonable, a little higher than it should be, or a lot higher than it should be?

| | '96 | '97 | '98 | '99 | 2000 | 2001 | 2002 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Low........... | *% | *% | *% | *% | -% | -% | -% | *% | -% | 1% | -% | -% | *% | *% | *% | -% | 1% |
| Reasonable..... | 12 | 15 | 24 | 24 | 15 | 17 | 24 | 23 | 14 | 22 | 24 | 22 | 16 | 17 | 17 | 17 | 18 |
| A little higher | 36 | 35 | 42 | 40 | 26 | 40 | 49 | 35 | 39 | 40 | 35 | 42 | 31 | 33 | 36 | 34 | 32 |

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A lot higher... | 44 | 45 | 27 | 29 | 52 | 37 | 20 | 33 | 39 | 36 | 32 | 27 | 47 | 45 | 45 | 44 | 42 |
| Not sure (Vol.) | 8 | 5 | 7 | 7 | 7 | 6 | 7 | 9 | 8 | 1 | 9 | 9 | 6 | 5 | 2 | 5 | 7 |

**GAS CAS (PRICE OPINION)**

6b. **(IF "E/G" OR "G ONLY" – ALL "E ONLY" SKIP TO 6c)** And do you think the price you pay for natural gas today is low, reasonable, a little higher than it should be, or a lot higher than it should be?

| | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Base: | (37%) | (30%) | (37%) | (49%) | (53%) | (47%) | (39%) | (35%) | (36%) | (42%) | (40%) | (41%) | (33%) | (35%) | (42%) | (38%) | (35%) |
| Low........... | 1% | 1% | 1% | 1% | -% | -% | -% | -% | -% | -% | -% | -% | -% | -% | -% | -% | 2% |
| Reasonable.... | 32 | 34 | 48 | 24 | 17 | 34 | 19 | 20 | 16 | 19 | 19 | 18 | 10 | 15 | 13 | 13 | 23 |
| A little higher | 35 | 26 | 28 | 25 | 21 | 27 | 34 | 28 | 22 | 25 | 31 | 26 | 24 | 23 | 26 | 20 | 22 |
| A lot higher.. | 22 | 28 | 14 | 20 | 48 | 28 | 20 | 33 | 44 | 43 | 31 | 37 | 50 | 59 | 53 | 54 | 46 |
| Not sure (Vol.) | 10 | 11 | 9 | 30 | 14 | 11 | 27 | 19 | 18 | 13 | 19 | 19 | 16 | 3 | 8 | 13 | 7 |

6c. **(ASK EVERYONE)** In (READ ITEM ON LIST) — does **[O&R/Rockland Electric]** do an excellent, pretty good, not so good or poor job? (RECORD BELOW -- CONTINUE FOR EACH ITEM)

| | | Excellent | Pretty Good | Not so Good | Poor | Not Sure (Vol.) |
|---|---|---|---|---|---|---|
| **GAS CAS (PRICE OPINION)** | | | | | | |
| 1. Keeping rates as low as possible.......... | 1996 | 6% | 27% | 34% | 17% | 16% |
| | 1997 | 1 | 31 | 33 | 21 | 14 |
| | 1998 | 5 | 41 | 27 | 15 | 12 |
| | 1999 | 4 | 40 | 27 | 12 | 17 |
| | 2000 | 5 | 31 | 33 | 22 | 9 |
| | 2001 | 3 | 43 | 24 | 18 | 12 |
| | 2002 | 3 | 52 | 26 | 8 | 11 |
| | 6/03 | 4 | 44 | 27 | 11 | 14 |
| | 10/03 | 8 | 34 | 23 | 19 | 16 |
| | 5/04 | 5 | 46 | 29 | 9 | 11 |
| | 10/04 | 10 | 45 | 21 | 10 | 14 |
| | 6/05 | 6 | 50 | 17 | 10 | 17 |
| | 10/05 | 7 | 34 | 32 | 14 | 13 |
| | 6/06 | 5 | 39 | 22 | 18 | 16 |
| | 10/06 | 6 | 32 | 33 | 14 | 15 |
| | 6/07 | 5 | 44 | 28 | 12 | 11 |
| | 10/07 | 10 | 51 | 17 | 10 | 12 |
| **GAS & ELECTRIC CAS (BILL QUALITY)** | | | | | | |
| 2. Sending a bill that's easy to understand….. | 10/03 | 32% | 48% | 10% | 7% | 3% |
| | 5/04 | 30 | 52 | 9 | 7 | 2 |
| | 10/04 | 29 | 55 | 10 | 6 | * |
| | 6/05 | 26 | 53 | 11 | 5 | 5 |
| | 10/05 | 30 | 50 | 12 | 5 | 3 |
| | 6/06 | 29 | 51 | 10 | 8 | 2 |
| | 10/06 | 33 | 50 | 9 | 6 | 2 |
| | 6/07 | 21 | 59 | 11 | 6 | 3 |
| | 10/07 | 28 | 53 | 10 | 4 | 5 |
| **GAS & ELECTRIC CAS (BILL QUALITY)** | | | | | | |
| 3. Providing bills that accurately reflect the amount of energy your organization uses.. | 10/03 | 29% | 49% | 12% | 4% | 6% |
| | 5/04 | 29 | 54 | 7 | 5 | 5 |
| | 10/04 | 31 | 55 | 5 | 3 | 6 |
| | 6/05 | 25 | 60 | 5 | 3 | 7 |
| | 10/05 | 27 | 60 | 8 | 3 | 2 |
| | 6/06 | 26 | 53 | 10 | 5 | 6 |
| | 10/06 | 26 | 55 | 9 | 4 | 6 |
| | 6/07 | 16 | 66 | 8 | 5 | 5 |
| | 10/07 | 26 | 51 | 10 | 5 | 8 |
| 4. Providing bills that include the information your organization needs.................. | 10/03 | 33% | 45% | 9% | 7% | 6% |
| | 10/04 | 28 | 63 | 6 | 3 | * |
| | 10/05 | 27 | 58 | 10 | 4 | 1 |
| | 10/06 | 30 | 49 | 12 | 6 | 3 |
| | 10/07 | 31 | 54 | 8 | 4 | 3 |

6d. **(ASK EVERYONE)** Now, using a 5-point scale where 1 means "strongly disagree" and 5 means "strongly agree," how much do you agree or disagree with this statement, "When my organization pays the monthly **(O&R/Rockland Electric)** bill, we always feel that we get our money's worth."

| | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|
| Average score.... | 3.2 | 3.2 | 3.6 | 3.4 | 3.1 | 3.2 | 2.9 | 3.2 | 3.0 |
| Not sure (Vol.).. | 3% | 2% | 2% | 6% | 3% | 4% | 2% | 4% | 3% |

7. Does your energy bill itemize and show separate charges for energy supply and energy delivery, <u>or</u> are the charges for supply and delivery shown as one amount on your bill?

| | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|
| Separate charges on bill........ | 55% | 64% | 66% | 58% | 55% |
| One amount on bill............. | 20 | 13 | 17 | 17 | 18 |
| Don't know/never noticed (Vol.). | 13 | 16 | 9 | 18 | 12 |
| Not sure (Vol.)................ | 12 | 7 | 8 | 7 | 15 |

8a. **(ASK NY ONLY, SP1 & SP2 – ALL NJ, SP3 SKIP TO F1)** On another topic, are you aware that you can choose to buy <u>electricity</u> from a company other than O&R and that O&R would still deliver it?

| | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|
| Yes, aware........ | 89% | 81% | 82% | 83% | 69% | 90% | 81% | 80% |
| No, not aware..... | 11 | 18 | 17 | 16 | 30 | 9 | 16 | 15 |
| Not sure (Vol.)... | - | 1 | 1 | 1 | 1 | 1 | 3 | 5 |

<u>Note</u>: 2000-2002 asked of all customers/2003 asked only in NY
<u>Note</u>: Question wording revised 10/2005

8b. **(IF "YES" IN 8a – ALL OTHERS IN THIS SERIES SKIP TO 8c)** Have you switched or considered switching to another <u>electric</u> supplier?

| | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|
| (Base) | (89%) | (81%) | (82%) | (83%) | (69%) | (90%) | (81%) | (80%) |
| Yes, switched.................. | 10% | 18% | 14% | 34% | 41% | 34% | 38% | 28% |
| Yes, have considered switching.. | 28 | 23 | 20 | 19 | 16 | 17 | 21 | 12 |
| No............................. | 53 | 54 | 62 | 47 | 43 | 47 | 38 | 57 |
| Not sure (Vol.)................ | 9 | 5 | 4 | - | - | 2 | 3 | 3 |

<u>Note</u>: 2000-2002 asked of all customers/2003 asked only in NY

8b-1. **(YES, SWITCHED" IN 8b – ALL OTHERS SKIP TO 8c)** In thinking about all aspects of the energy supply company that supplies you with <u>your electric supply</u>, I'd like you to rate your satisfaction on a 5-point scale where "1" means "very dissatisfied" and "5" means "very satisfied." How would rate your <u>electric supplier</u> on this "1" to "5" scale?

| | 10/07 |
|---|---|
| (Base) | (28%) |
| Average score.......... | 3.8 |
| Not sure (Vol.)......... | 2% |

8c. **(IF SP#1 OR SP#2, NY <u>AND</u> "E/G" OR "G" – ALL OTHERS IN THIS SERIES SKIP 9a)** And are you aware that you can choose to buy **<u>natural gas</u>** from a company other than O&R and that O&R would deliver it?

| | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|
| (Base) | (46%) | (40%) | (38%) | (53%) | (40%) | (33%) | (42%) | (35%) |
| Yes, heard of........ | 50% | 49% | 51% | 65% | 59% | 85% | 78% | 74 |
| No, have not......... | 36 | 38 | 39 | 30 | 34 | 10 | 15 | 14 |
| Not sure (Vol.)...... | 14 | 13 | 10 | 5 | 7 | 5 | 7 | 12 |

<u>Note</u>: Question wording revised 10/2005

8d. **(IF "YES, HEARD OF" IN 8c – ALL OTHERS IN THIS SERIES SKIP 9a)** Have you switched or considered switching to another <u>natural gas</u> supplier?

| | 2000 | 2001 | 2002 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|
| (Base) | (50%) | (49%) | (51%) | (65%) | (59%) | (85%) | (78%) | (74%) |
| Yes, switched.................... | 27% | 35% | 22% | 47% | 43% | 43% | 44% | 29% |
| Yes, have considered switching... | 16 | 14 | 17 | 19 | 18 | 13 | 21 | 10 |
| No............................... | 52 | 48 | 56 | 33 | 39 | 40 | 30 | 60 |
| Not sure (Vol.).................. | 5 | 3 | 5 | 1 | - | 4 | 5 | 1 |

8d-1. **(YES, SWITCHED" IN 8d – ALL OTHERS SKIP TO 9a)** In thinking about all aspects of the energy supply company that supplies you with <u>your natural gas supply</u>, I'd like you to rate your satisfaction on a 5-point scale where "1" means "very dissatisfied" and "5" means "very satisfied." How would rate your <u>natural gas supplier</u> on this "1" to "5" scale?

| | 10/07 |
|---|---|
| (Base) | (29%) |
| Average score.......... | 3.5 |

Not sure (Vol.).......... -

9a. **(PSC GAS DEREGULATION INDEX FROM 9A THROUGH 9C) (IF "E/G" AND "YES, AWARE" IN 8a (ELECTRIC) AND 8c (GAS) - ALL OTHERS SKIP TO Q9b)** Based on what you may have heard or read, or any impression you may have, I would like you to tell me whether you agree or disagree with each of the following statements in regard to natural gas and electric deregulation in New York State and how it affects O&R customers. Do you agree or disagree with the statement (READ ITEM ON LIST)? (CONTINUE FOR EACH ITEM)

**Base 2005: 77% Combination customers "aware" both natural gas and electric deregulation**
**Base 2006: 74% Combination customers "aware" both natural gas and electric deregulation**
**Base 2007: 71% Combination customers "aware" both natural gas and electric deregulation**

| **ROTATE** | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|
| 1. If my energy supplier fails to supply electricity or natural gas on my behalf, I understand that O&R will be sure the energy is delivered to me as needed........................ .......................... | 2005 | 78% | 5% | 17% |
| | 2006 | 80% | 3% | 17% |
| | 2007 | 88% | 7% | 5% |
| 2. If I buy my natural gas from someone other than O&R, and if there is a gas leak or other gas emergency, I should call O&R regardless of the natural gas supplier I choose **(2005 Revised)** | 2005 | 87% | 9% | 4% |
| | 2006 | 89% | 6% | 5% |
| | 2007 | 81% | 14% | 5% |
| 3. If there is a power outage or other electric emergency, I should call O&R regardless of the electric supplier I choose............ | 2005 | 94% | 3% | 3% |
| | 2006 | 94% | 1% | 5% |
| | 2007 | 88% | 8% | 4% |
| 4. The reliability of my electric service will depend on O&R regardless of the supplier I choose.................................... | 2005 | 88% | 7% | 5% |
| | 2006 | 86% | 8% | 6% |
| | 2007 | 89% | 9% | 2% |
| 5. I believe O&R supports competition in the energy industry...... | 2005 | 70% | 17% | 13% |
| | 2006 | 57% | 26% | 17% |
| | 2007 | 74% | 13% | 13% |
| 6. The safety of my natural gas service will depend on O&R regardless of the supplier I choose........................................ | 2005 | 91% | 1% | 8% |
| | 2006 | 87% | 7% | 6% |
| | 2007 | 87% | 9% | 4% |
| 7. Even if I switch to another energy supplier, I will receive the same customer service from O&R as customers who decide to remain with O&R................................................ | 2005 | 83% | 4% | 13% |
| | 2006 | 89% | 6% | 5% |
| | 2007 | 90% | 7% | 3% |
| 8. I understand how to make competitive choices and switch to another energy supplier if I choose to do so............................. | 2005 | 85% | 11% | 4% |
| | 2006 | 90% | 5% | 5% |
| | 2007 | 95% | 5% | -% |
| 9. If I switch to another energy supplier, I can return to O&R for my energy service................................................... | 2005 | 90% | 4% | 6% |
| | 2006 | 92% | 4% | 4% |
| | 2007 | 95% | 5% | -% |

9b. **(PSC GAS DEREGULATION INDEX) (IF E/G AND "NO" IN 8a (ELECTRIC) BUT "YES, AWARE" IN 8c (GAS) OR "G ONLY" AND "YES, AWARE" IN 8c - ALL OTHERS SKIP TO 9c)** Based on what you may have heard or read, or any impression you may have, I would like you to tell me whether you agree or disagree with each of the following statements in regard to natural gas deregulation in New York State and how it affects O&R customers. Do you agree or disagree with the statement

**Note: 2004 Base: 59% "aware" gas customers**
**Note: 2005 Base: 7% combo "aware" gas (9c) but "not aware" electric (9a) (6 customers)**
**Note: 2006 Base: 5% combo "aware" gas (9c) but "not aware" electric (9a) (5 customers)**
**Note: 2007 Base: 1% combo "aware" gas (9c) but "not aware" electric (9a) (1 customer)**

| **ROTATE** | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|
| 1. If my gas supplier fails to supply gas on my behalf, I understand that O&R will be sure gas is delivered to me as needed........................................ | 2000 | 65% | 6% | 29% |
| | 2001 | 75 | 9 | 16 |
| | 2002 | 79 | 9 | 12 |
| | 10/03 | 90 | 2 | 8 |
| | 10/04 | 79 | 4 | 17 |
| | 10/05 | 43%(3) | 22%(1) | 35%(2) |
| | 10/06 | 79%(4) | - | 21%(1) |
| | 10/07 | 100%(1) | - | - |

2. **(2005 revised)** If I buy my natural gas from someone other than O&R, and if there is a gas leak or other gas emergency, I should

| | | | | |
|---|---|---|---|---|
| call O&R regardless of the natural gas supplier | 2000 | 23% | 53% | 24% |
| | 2001 | 32 | 57 | 11 |
| | 2002 | 25 | 62 | 13 |
| | 10/03 | 24 | 68 | 8 |
| | 10/04 | 28 | 57 | 15 |
| | 10/05 | 65%(4) | 22%(1) | 13%(1) |
| | 10/06 | 100%(5) | - | - |
| | 10/07 | 100%(1) | - | - |
| 3. I believe O&R <u>supports</u> competition in the natural gas industry.................................................. | 2000 | 59% | 24% | 17% |
| | 2001 | 71 | 22 | 7 |
| | 2002 | 72 | 15 | 13 |
| | 10/03 | 73 | 20 | 7 |
| | 10/04 | 83 | 7 | 10 |
| | 10/05 | 65%(4) | 35%(2) | - |
| | 10/06 | 58%(3) | 21%(1) | 21%(1) |
| | 10/07 | 100%(1) | - | - |
| 4. **(2004 revised)** The safety of my natural gas service will <u>depend</u> on O&R regardless of the supplier I choose | 2000 | 41% | 49% | 10% |
| | 2001 | 28 | 61 | 11 |
| | 2002 | 40 | 53 | 7 |
| | 10/03 | 34 | 62 | 4 |
| | 10/04 | 80 | 10 | 10 |
| | 10/05 | 100%(6) | - | - |
| | 10/06 | 100%(5) | - | - |
| | 10/07 | - | 100%(1) | - |
| 5. <u>Even</u> if I switch to another natural gas supplier, I will receive the same <u>customer service</u> from O&R as customers who decide to remain with O&R........................... | 2000 | 72% | 11% | 17% |
| | 2001 | 73 | 13 | 14 |
| | 2002 | 73 | 19 | 8 |
| | 10/03 | 82 | 8 | 10 |
| | 10/04 | 81 | 2 | 17 |
| | 10/05 | 100%(6) | - | - |
| | 10/06 | 79%(4) | - | 21%(1) |
| | 10/07 | 100%(1) | - | - |

9b. [CONTINUED] **(PSC GAS DEREGULATION INDEX) (IF E/G AND "NO" IN 8a (ELECTRIC) BUT "YES, AWARE" IN 8c (GAS) OR "G ONLY" AND "YES, AWARE" IN 8c – ALL OTHERS SKIP TO 9c)** Based on what you may have heard or read, or any impression you may have, I would like you to tell me whether you <u>agree</u> or <u>disagree</u> with each of the following statements in regard to <u>natural gas</u> deregulation in New York State and how it affects O&R customers. Do you agree <u>or</u> disagree with the statement:

**Note: 2004 Base: 59% "aware" gas customers**
**Note: 2005 Base: 7% combo "aware" gas (9c) <u>but</u> "not aware" electric (9a) (6 customers)**
**Note: 2006 Base: 5% combo "aware" gas (9c) <u>but</u> "not aware" electric (9a) (5 customers)**
**Note: 2007 Base: 1% combo "aware" gas (9c) <u>but</u> "not aware" electric (9a) (1 customer)**

| **<u>ROTATE</u>** | | <u>Agree</u> | Dis-<u>Agree</u> | Not Sure <u>(Vol.)</u> |
|---|---|---|---|---|
| 6. I understand how to make competitive choices and switch to another natural gas supplier if I choose to do so.......................................... | 2000 | 79% | 10% | 11% |
| | 2001 | 89 | 8 | 3 |
| | 2002 | 79 | 13 | 8 |
| | 10/03 | 94 | 6 | - |
| | 10/04 | 88 | 10 | 2 |
| | 10/05 | 57%(4) | 43%(2) | - |
| | 10/06 | 100%(5) | - | - |
| | 10/07 | 100%(1) | - | - |
| 7. If I switch to another natural gas supplier, I can return to O&R for my natural gas service........................ | 2000 | 85% | 2% | 13% |
| | 2001 | 88 | 3 | 9 |
| | 2002 | 90 | 5 | 5 |
| | 10/03 | 94 | - | 6 |
| | 10/04 | 92 | 4 | 4 |
| | 10/05 | 65%(4) | 22%(1) | 13%(1) |
| | 10/06 | 79%(3) | 21%(1) | - |
| | 10/07 | 100%(1) | - | - |

9c. **(PSC GAS DEREGULATION INDEX)(IF "E ONLY" AND "YES, AWARE" IN 8a (ELECTRIC) OR "E/G" AND "YES, AWARE" IN 8a BUT "NO" IN 8c (GAS) – ALL OTHERS SKIP TO F1)** And based on what you may have heard or read, or any impression you may have, I would like you to tell me whether you <u>agree</u> or <u>disagree</u> with each of the following statements in regard to <u>electric</u> deregulation in New York State and how it affects O&R customers. Do you agree <u>or</u> disagree with the statement (READ ITEM ON LIST)?

**<u>Note</u>: 2005 Base: 94% "aware" electric only customers <u>and</u>**
**11% combo aware "electric" but not "gas" (9 customers)**

**Note**: **2006 Base: 78% "aware" electric only customers and**
**4% combo aware "electric" but not "gas" (4 customers)**
**Note**: **2007 Base: 72% "aware" electric only customers and**
**5% combo aware "electric" but not "gas" (4 customers)**

**ROTATE**

| | | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|---|
| 1. If my electric supplier fails to supply electricity on my behalf, I understand that O&R will be sure the electricity is delivered to me as needed | | 10/04 | 79% | 6% | 15% |
| | [elect] | 10/05 | 89% | 1% | 10% |
| | [elect] | 10/06 | 77% | 9% | 14% |
| | [elect] | 10/07 | 84% | 5% | 11% |
| | [combo] | 10/05 | 72%(6) | 19%(2) | 9%(1) |
| | [combo] | 10/06 | 80%(3) | 20%(1) | - |
| | [combo] | 10/07 | 100%(4) | - | - |
| 2. If there is a power outage or other electric emergency, I should call O&R regardless of the electric supplier I choose | | 10/04 | 85% | 5% | 10% |
| | [elect] | 10/05 | 84% | 3% | 13% |
| | [elect] | 10/06 | 86% | 8% | 6% |
| | [elect] | 10/07 | 89% | 7% | 4% |
| | [combo] | 10/05 | 91%(8) | 9%(1) | - |
| | [combo] | 10/06 | 80%(3) | 20%(1) | - |
| | [combo] | 10/07 | 100%(4) | - | - |

9c. **[PSC GAS DEREGULATION INDEX CONTINUED] (IF "E ONLY" AND "YES, AWARE" IN 8a (ELECTRIC) OR "E/G" AND "YES, AWARE" IN 8a BUT "NO" IN 8c (GAS) – ALL OTHERS SKIP TO F1)** And based on what you may have heard or read, or any impression you may have, I would like you to tell me whether you agree or disagree with each of the following statements in regard to electric deregulation in New York State and how it affects O&R customers. Do you agree or disagree with the statement (READ ITEM ON LIST)?

**Note**: **2005 Base: 94% "aware" electric only customers and**
**11% combo aware "electric" but not "gas" (9 customers)**
**Note**: **2006 Base: 78% "aware" electric only customers and**
**4% combo aware "electric" but not "gas" (4 customers)**
**Note**: **2007 Base: 72% "aware" electric only customers and**
**5% combo aware "electric" but not "gas" (4 customers)**

**ROTATE**

| | | | Agree | Dis-Agree | Not Sure (Vol.) |
|---|---|---|---|---|---|
| 3. I believe O&R supports competition in the electric industry | | 10/04 | 73% | 16% | 11% |
| | [elect] | 10/05 | 69% | 19% | 12% |
| | [elect] | 10/06 | 62% | 15% | 23% |
| | [elect] | 10/07 | 82% | 11% | 7% |
| | [combo] | 10/05 | 74%(7) | 26%(2) | - |
| | [combo] | 10/06 | 47%(2) | 53%(2) | - |
| | [combo] | 10/07 | 100%(4) | - | - |
| 4. The reliability of my electric service will depend on O&R regardless of the supplier I choose | | 10/04 | 84% | 9% | 7% |
| | [elect] | 10/05 | 86% | 1% | 13% |
| | [elect] | 10/06 | 90% | 8% | 2% |
| | [elect] | 10/07 | 82% | 8% | 10% |
| | [combo] | 10/05 | 83%(7) | 17%(2) | - |
| | [combo] | 10/06 | 100%(4) | - | - |
| | [combo] | 10/07 | 100%(4) | - | - |
| 5. Even if I switch to another electric supplier, I will receive the same customer service from O&R as customers who decide to remain with O&R | | 10/04 | 79% | 5% | 16% |
| | [elect] | 10/05 | 81% | 3% | 16% |
| | [elect] | 10/06 | 79% | 11% | 10% |
| | [elect] | 10/07 | 84% | 14% | 2% |
| | [combo] | 10/05 | 92%(8) | 8%(1) | - |
| | [combo] | 10/06 | 80%(3) | 20%(1) | - |
| | [combo] | 10/07 | 50%(2) | 25%(1) | 25%(1) |
| 6. I understand how to make competitive choices and switch to another electric supplier if I choose to do so | | 10/04 | 84% | 9% | 7% |
| | [elect] | 10/05 | 78% | 13% | 9% |
| | [elect] | 10/06 | 86% | 11% | 3% |
| | [elect] | 10/07 | 86% | 10% | 4% |
| | [combo] | 10/05 | 92%(8) | 8%(1) | -% |
| | [combo] | 10/06 | 80%(3) | 20%(1) | - |
| | [combo] | 10/07 | 100%(4) | - | - |

7. If I switch to another electric supplier, I can return to O&R for my electric service

| | | | | |
|---|---|---|---|---|
| | 10/04 | 92% | 1% | 7% |
| [elect] | 10/05 | 87% | - | 13% |
| [elect] | 10/06 | 86% | 9% | 5% |
| [elect] | 10/07 | 92% | 3% | 5% |
| [combo] | 10/05 | 100%(9) | - | - |
| [combo] | 10/06 | 100%(4) | - | - |
| [combo] | 10/07 | 75%(3) | - | 25%(1) |

**DEMOGRAPHICS FROM F1 THROUGH END OF QUESTIONNAIRE**

F1. **(ASK EVERYONE)** What is the primary activity in which your organization engages? (PROBE FOR SPECIFICS) What specifically is done at this location?

Gave answer(SPECIFY)..95%
Refused............... 5

F2. What is the total number of full time employees at this location? (PROBE FOR PROPER LOCATION -- RECORD BELOW)

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 6/03 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 or less....... | 67% | 63% | 47% | 59% | 57% | 58% | 49% | 52% | 49% | 55% | 59% | 59% | 55% |
| 11-19............ | 11 | 9 | 9 | 10 | 10 | 11 | 16 | 8 | 9 | 12 | 8 | 11 | 13 |
| 20-29............ | 6 | 8 | 7 | 9 | 7 | 4 | 8 | 9 | 9 | 6 | 6 | 6 | 10 |
| 30 or more....... | 10 | 15 | 20 | 15 | 23 | 22 | 22 | 21 | 23 | 19 | 17 | 16 | 16 |
| Refused/not sure. | 6 | 5 | 15 | 7 | 4 | 4 | 3 | 10 | 11 | 8 | 4 | 6 | 4 |

F3. Were your organization's gross revenues for the latest fiscal year (READ LIST) (IF NECESSARY, EXPLAIN THIS INFORMATION IS TO HELP US ANALYZE THIS SURVEY)

| | '96 | '97 | '98 | '99 | '00 | '01 | '02 | 6/03 | 10/03 | 5/04 | 10/04 | 6/05 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Under $500,000........... | 28% | 27% | 21% | 23% | 17% | 26% | 21% | 15% | 21% | 21% | 23% | 15% | 18% | 22% | 24% | 25% | 18% |
| $500,000 & $999,999....... | 14 | 16 | 13 | 11 | 16 | 9 | 16 | 11 | 12 | 13 | 17 | 11 | 12 | 12 | 14 | 12 | 15 |
| $1 million & $1.9 million. | 7 | 13 | 10 | 11 | 6 | 11 | 10 | 8 | 7 | 14 | 9 | 10 | 10 | 11 | 10 | 9 | 14 |
| $2 million & $4.9 million. | 9 | 6 | 8 | 3 | 5 | 7 | 10 | 5 | 5 | 7 | 7 | 5 | 7 | 7 | 10 | 5 | 11 |
| $5 million & $9.9 million. | 3 | 4 | 3 | 2 | 3 | 9 | 3 | 4 | 3 | 4 | 3 | 4 | 7 | 4 | 4 | 2 | 6 |
| Over $10 million.......... | 4 | 5 | 5 | 4 | 6 | 9 | 8 | 10 | 8 | 8 | 8 | 14 | 6 | 7 | 6 | 7 | 4 |
| Not sure (Vol.) .......... | 16 | 17 | 20 | 16 | 22 | 10 | 19 | 20 | 20 | 16 | 15 | 22 | 25 | 22 | 16 | 23 | 20 |
| Refused (Vol.)........... | 19 | 14 | 20 | 30 | 25 | 19 | 13 | 27 | 24 | 17 | 18 | 19 | 15 | 15 | 16 | 17 | 12 |

F4. And does your organization primarily own or lease its facilities at this location?

| | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 6/03 | 10/03 | 10/04 | 10/05 | 10/06 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Own..................... | 47% | 55% | 47% | 48% | 53% | 47% | 58% | 49% | 53% | 51% | 52% | 47% | 51% |
| Lease................... | 48 | 40 | 39 | 46 | 46 | 49 | 40 | 41 | 35 | 44 | 38 | 47 | 45 |
| Neither (Vol.).......... | 1 | * | * | * | - | - | - | 1 | 1 | - | 2 | 1 | 1 |
| Both.................... | * | 2 | 2 | 1 | - | 2 | 1 | 2 | 2 | 1 | 1 | - | 1 |
| Not sure (Vol.)......... | 1 | 1 | 4 | 2 | - | - | - | 2 | 7 | 2 | 2 | 1 | * |
| Refused (Vol.).......... | 3 | 1 | 8 | 3 | 1 | - | 1 | 5 | 2 | 2 | 5 | 4 | 2 |

F5a. And what is your exact title? (DO NOT READ LIST)

| | Respondent Title | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 2001 | 2002 | 10/03 | 5/04 | 10/04 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
| Owner/senior partner/co-owner..... | 24% | 22% | 20% | 23% | 18% | 17% | 21% | 19% | 17% | 17% | 32% |
| President/Chief Executive Officer/ Chief Operating Officer........ | 16 | 16 | 15 | 12 | 14 | 20 | 16 | 12 | 16 | 9 | 8 |
| Manager/director/supervisor (non-specific)................ | 12 | 8 | 13 | 14 | 11 | 7 | 11 | 12 | 12 | 17 | 14 |
| Managers/Directors: general/office/ business/operations/ administrative............... | 11 | 15 | 14 | 10 | 16 | 15 | 13 | 17 | 14 | 14 | 14 |
| Vice President/Treasurer/Controller | 7 | 9 | 7 | 9 | 10 | 10 | 6 | 6 | 10 | 10 | 2 |
| Administrative: secretary/ receptionist/clerk........... | 4 | 4 | 6 | 7 | 4 | 4 | 4 | 8 | 4 | 4 | 3 |
| Financial: accountant/finance manager/ bookkeeper/accounts payable.... | 10 | 9 | 11 | 6 | 13 | 12 | 10 | 12 | 8 | 9 | 8 |
| Assistants: director/administrative/ operations/branch............. | 3 | 3 | 3 | 3 | 5 | 3 | 4 | 5 | 2 | 5 | 1 |
| Managers: plant/facilities/ maintenance/production/warehouse | 7 | 5 | 4 | 3 | 4 | 6 | 1 | 2 | 2 | 4 | 3 |
| Managers: district/branch/region.. | 1 | 1 | 1 | 2 | - | 1 | 1 | - | 1 | 3 | 3 |
| Superintendent.................... | 1 | 1 | 1 | * | * | - | - | - | 2 | 1 | 1 |
| None/no specific title........... | * | 1 | * | * | * | * | * | 1 | * | 1 | 1 |
| Administrator (non-specific)...... | 2 | 3 | 2 | * | 2 | 1 | 2 | 1 | - | * | 3 |
| Other (SPECIFY).................. | 1 | * | 1 | 3 | - | 3 | 9 | 3 | 11 | 5 | 6 |
| Refused.......................... | 1 | 3 | 2 | 8 | 2 | 1 | 2 | 1 | 1 | 1 | 1 |

F6. **(NEW YORK/SP#1 AND SP#2 – ALL NEW JERSEY/SP#3 SKIP TO F7)** Just as a reminder, please keep in mind that in case of a gas emergency or problem, you should always call O&R.

F6-1. Do we have your permission to share your individual results with [O&R/Rockland Electric]?

| | 10/07 |
|---|---|
| Yes.................. | 65% |
| No................... | 35 |

NOTE: IF RESPONDENT ASKS FOR TELEPHONE NUMBER, PLEASE PROVIDE THE FOLLOWING: 1-800-533-5325.

F7. **(EVERYONE)** On behalf of [O&R/Rockland Electric], thank you for your time and participation.

**RECORD THE FOLLOWING - DO NOT ASK**

F8. Gender:

| | 1998 | 1999 | 2000 | 2001 | 2002 | 6/03 | 10/03 | 5/04 | 10/04 | 10/05 | 6/06 | 10/06 | 6/07 | 10/07 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Male.................. | 59% | 65% | 50% | 57% | 58% | 51% | 57% | 50% | 55% | 49% | 56% | 59% | 52% | 58% |
| Female................ | 41 | 35 | 50 | 43 | 42 | 49 | 43 | 50 | 45 | 51 | 44 | 41 | 48 | 42 |

F9a. Length of interview: average 11.8 minutes

Account Information from Sample (Excel column identified)
F10: Zip Code (L)..............
F11. KYRA Account Number (C)
F12. Premise Number (D)
F13. O&R NAICS (W)
F14. Demand (X)
F15. Electric indicator (Q).........100% (250)
F16. Gas indicator (R).............. 35% (87)
F17. Flat indicator (S)............. 11% (27)
F18. Retail (T)..................... 24% (60)
F19. Budget plan customer............ 1% ( 1)
F20. Outage Report (BI)
F21. Settlement Month (V)
F22. Bill Month/Amounts (Y to BH)

###

**ORANGE & ROCKLAND UTILITIES**
**DEPRECIATION RATES**

| FERC ACCT | ACCOUNT TITLE | LIFE TABLE | AVERAGE SERVICE LIFE | NET SALVAGE | ANNUAL RATE |
|---|---|---|---|---|---|
| **ELECTRIC PLANT** | | | | | |
| TRANSMISSION PLANT | | | | | |
| 350000 | LAND - EASEMENTS | h3.0 | 60 | 0 | 1.67 |
| 350100 | LAND AND LAND RIGHTS - FEE | - | - | - | - |
| 352000 | STRUCTURES AND IMPROVEMENTS | h2.0 | 65 | (10) | 1.69 |
| 353000 | STATION EQUIPMENT | h1.5 | 40 | (10) | 2.75 |
| 354000 | TOWERS AND FIXTURES | h3.0 | 60 | (20) | 2.00 |
| 355000 | POLES AND FIXTURES - WOOD | h3.0 | 55 | (50) | 2.73 |
| 355100 | POLES AND FIXTURES - STEEL | h3.0 | 55 | (50) | 2.73 |
| 356000 | OH CONDUCTORS & DEVICES | h2.0 | 65 | (10) | 1.69 |
| 356100 | OH COND & DEVICES - CLEARING | h2.0 | 65 | - | 1.54 |
| 357000 | UNDERGROUND CONDUIT | h2.5 | 40 | - | 2.50 |
| 358000 | UG CONDUCTOR AND DEVICES | h3.5 | 30 | - | 3.33 |
| 359000 | ROADS AND TRAILS | h3.0 | 60 | - | 1.67 |
| DISTRIBUTION PLANT | | | | | |
| 360000 | LAND - EASEMENTS | h3.0 | 50 | - | 2.00 |
| 360100 | LAND AND LAND RIGHTS - FEE | - | - | - | - |
| 361000 | STRUCTURES AND IMPROVEMENTS | h2.5 | 60 | (10) | 1.83 |
| 362000 | STATION EQUIPMENT | h1.5 | 40 | (10) | 2.75 |
| 364000 | POLES,TOWERS, AND FIXTURES | h1.5 | 50 | (80) | 3.60 |
| 365000 | OH CONDUCTORS & DEVICES | h1.5 | 60 | (70) | 2.83 |
| 365100 | OH COND AND DEVICES - CAPACITORS | h2.5 | 30 | (40) | 4.67 |
| 366000 | UNDERGROUND CONDUIT | h1.5 | 65 | (40) | 2.15 |
| 367000 | UG CONDUCTOR AND DEVICES | h1.5 | 60 | (40) | 2.33 |
| 367100 | U.G. COND. & DEVICES - CABLE CURE | | AMORTIZABLE | | |
| 368100 | LINE TRANSFORMERS-OVERHEAD | h1.0 | 40 | (5) | 2.63 |
| 368200 | LINE TRANSFORMERS-O/H INSTALLS | h1.0 | 40 | (5) | 2.63 |
| 368300 | LINE TRANSFORMERS-UG | h1.0 | 40 | (5) | 2.63 |
| 368400 | LINE TRANSFORMERS-UG INSTALLS | h1.0 | 40 | (5) | 2.63 |
| 369100 | SERVICES-OVERHEAD | h2.0 | 55 | (80) | 3.27 |
| 369200 | SERVICES-UNDERGROUND | h2.5 | 50 | (80) | 3.60 |
| 370100 | METERS | h1.5 | 25 | - | 4.00 |
| 370200 | METER INSTALLATIONS | h1.5 | 25 | - | 4.00 |
| 370300 | DEMAND REC. & METERS | h1.5 | 25 | - | 4.00 |
| 370400 | DEMAND REC. & METERS-INSTALLS | h1.5 | 25 | - | 4.00 |
| 371000 | INSTALLATION ON CUSTOMER PREMISES | h2.0 | 40 | - | 2.50 |
| 371100 | PALISADES MALL METERING | | AMORTIZABLE | | |
| 373100 | STREET LIGHTS-OVERHEAD | h1.0 | 35 | (60) | 4.57 |
| 373200 | STREET LIGHTS-UNDERGROUND | h1.0 | 35 | (60) | 4.57 |
| INTANGIBLE PLANT | | | | | |
| 302000 | FRANCHISES AND CONSENTS | | AMORTIZABLE | | |
| 303100 | WMS SOFTWARE | | AMORTIZABLE | | |
| 303110 | DISTRIBUTION MANAGEMENT SYSTEM | | AMORTIZABLE | | |

**ORANGE & ROCKLAND UTILITIES**
**DEPRECIATION RATES**

| FERC ACCT | ACCOUNT TITLE | LIFE TABLE | AVERAGE SERVICE LIFE | NET SALVAGE | ANNUAL RATE |
|---|---|---|---|---|---|
| **ELECTRIC PLANT** | | | | | |
| GENERAL PLANT | | | | | |
| 389100 | LAND AND LAND RIGHTS - FEE | - | - | - | - |
| 390000 | STRUCTURES AND IMPROVEMENTS | h1.5 | 50 | (20) | 2.40 |
| 391100 | OFFICE FURN & EQUIP - FURNITURE | h1.5 | 20 | - | 5.00 |
| 391200 | OFFICE FURN & EQUIP - BUS. MACHINES | h1.0 | 18 | - | 5.56 |
| 391700 | OFFICE FURN & EQUIP - P/C EQUIPMENT | h1.5 | 10 | - | 10.00 |
| 391710 | OFFICE FURN & EQUIP - NON PC EQ. | h2.0 | 10 | - | 10.00 |
| 391800 | OFFICE FURN & EQUIP - E.C.C. | h2.5 | 13 | - | 7.69 |
| 392100 | TRANSP EQUIP - PASSENGER CARS | h2.0 | 8 | 10 | 11.25 |
| 392200 | TRANSP EQUIP - LIGHT TRUCKS | h2.0 | 8 | 10 | 11.25 |
| 392300 | TRANSP EQUIP - HEAVY TRUCKS | h3.0 | 12 | 5 | 7.92 |
| 392400 | TRANSP EQUIP - TRAILERS/TR. MTD EQ. | h3.0 | 12 | 5 | 7.92 |
| 393000 | STORES EQUIPMENT | h2.0 | 25 | - | 4.00 |
| 394000 | TOOLS, SHOP AND WORK EQUIPMENT | h1.5 | 20 | - | 5.00 |
| 395000 | LABORATORY EQUIPMENT | h1.5 | 30 | - | 3.33 |
| 396000 | POWER OPERATED EQUIPMENT | h3.0 | 17 | 20 | 4.71 |
| 396100 | POWER OPERATED EQ - NON FLEET | h3.0 | 17 | 20 | 4.71 |
| 397000 | COMMUNICATION EQUIPMENT | h1.0 | 20 | - | 5.00 |
| 398000 | MISCELLANEOUS EQUIPMENT | h1.5 | 25 | - | 4.00 |

**ORANGE & ROCKLAND UTILITIES**
**DEPRECIATION RATES**

| FERC ACCT | ACCOUNT TITLE | LIFE TABLE | AVERAGE SERVICE LIFE | NET SALVAGE | ANNUAL RATE |
|---|---|---|---|---|---|
| **COMMON PLANT *** | | | | | |
| INTANGIBLE PLANT | | | | | |
| 301000 | ORGANIZATION | - | - | - | - |
| 303200 | MAPPING SOFTWARE | | AMORTIZABLE | | |
| 303400 | CIMS SYSTEM SOFTWARE | | AMORTIZABLE | | |
| 303500 | PLUS SYSTEM SOFTWARE | | AMORTIZABLE | | |
| 303600 | WALKER SYSTEM SOFTWARE | | AMORTIZABLE | | |
| 303700 | BUDGET SYSTEM SOFTWARE | | AMORTIZABLE | | |
| 303800 | RETAIL ACCESS SOFTWARE | | AMORTIZABLE | | |
| 303810 | RETAIL ACCESS SOFTWARE PHASE 4 | | AMORTIZABLE | | |
| 303840 | FIELD ORDER ROUTE DESIGN SYSTEM | | AMORTIZABLE | | |
| 303870 | DATAPIPE SOFTWARE | | AMORTIZABLE | | |
| 303900 | NEW BUS. PROJECT MANAGEMENT SYS. | | AMORTIZABLE | | |
| GENERAL PLANT EQUIPMENT | | | | | |
| 389000 | LAND-EASEMENTS | h3.0 | 50 | - | 2.00 |
| 389100 | LAND AND LAND RIGHTS - FEE | - | - | - | - |
| 389500 | LAND AND LAND RIGHTS - MOMBASHA | | AMORTIZABLE | | |
| 390000 | STRUCTURES AND IMPROVEMENTS | h1.5 | 50 | (20) | 2.40 |
| 390100 | LEASEHOLD IMPROVEMENTS-BLUE HILL | | AMORTIZABLE | | |
| 391100 | OFFICE FURN & EQUIP - FURNITURE | h1.5 | 20 | - | 5.00 |
| 391200 | OFFICE FURN & EQUIP - BUS. MACHINES | h1.0 | 18 | - | 5.56 |
| 391300 | OFFICE FURN & EQUIP - CASH EQUIPMENT | h1.5 | 10 | - | 10.00 |
| 391700 | OFFICE FURN & EQUIP - P/C EQUIPMENT | h1.5 | 10 | - | 10.00 |
| 391710 | OFFICE FURN & EQUIP - NON PC EQ. | h1.5 | 10 | - | 10.00 |
| 392100 | TRANSP EQUIP - PASSENGER CARS | h2.0 | 8 | 10 | 11.25 |
| 392200 | TRANSP EQUIP - LIGHT TRUCKS | h2.0 | 8 | 10 | 11.25 |
| 392300 | TRANSP EQUIP - HEAVY TRUCKS | h3.0 | 12 | 5 | 7.92 |
| 392400 | TRANSP EQUIP - TRAILERS/TR. MTD EQ. | h3.0 | 12 | 5 | 7.92 |
| 393000 | STORES EQUIPMENT | h2.0 | 25 | - | 4.00 |
| 394000 | TOOLS, SHOP AND WORK EQUIPMENT | h1.5 | 20 | - | 5.00 |
| 394200 | GARAGE EQUIPMENT | h2.0 | 25 | - | 4.00 |
| 395000 | LABORATORY EQUIPMENT | h1.5 | 30 | - | 3.33 |
| 396000 | POWER OPERATED EQUIPMENT | h3.0 | 17 | 20 | 4.71 |
| 396100 | POWER OPERATED EQ. - NON FLEET | h3.0 | 17 | 20 | 4.71 |
| 397000 | COMMUNICATION EQUIPMENT | h1.0 | 20 | - | 5.00 |
| 397100 | COMMUNICATION EQ.-TELE SYS COMPUTER | h1.5 | 10 | - | 10.00 |
| 397200 | COMMUNICATION EQ.-TELE SYS EQPT | h1.0 | 20 | - | 5.00 |
| 398000 | MISCELLANEOUS EQUIPMENT | h1.5 | 25 | - | 4.00 |

* An excess reserve in the amount of $11.4 million will be amortized over a 5 year period.

**FIRST ATTACHMENT**

The make whole provision as stated in the Proposal, and described above, addresses only the portion of the July 2008 revenue shortfall associated with noncompetitive delivery revenues. The Company also will experience July 2008 shortfalls associated with competitive service revenues. Some of these revenues are reconciled through the transition adjustment, with recovery of the July 2008 shortfalls occurring in RY2. The competitive charges that are reconciled through the transition adjustment are the MFC procurement component (including purchased power working capital), the MFC credit and collections component, and the credit and collections component of the POR discount.

The billing and payment processing (“BPP”) charge and metering charges are included in the transition adjustment, but since they are reconciled based on charges avoided by customers taking these services competitively, the July 2008 shortfalls associated with these charges will not be reconciled in the normal operation of the transition adjustment. Commodity-related uncollectibles are not included in the transition adjustment, and therefore the July 2008 shortfall would not be reconciled.

After further discussions between the Company and Staff, it has been agreed that the actual July 2008 shortfall for the BPP charge, metering charges, and commodity related uncollectibles will be calculated and added to the amounts to be recovered through the RDM, and temporary adjustment charges for non-RDM customers, over the ten-month period September 2008 through June 2009. This is consistent with the Signatory Parties’ agreement that the delay in implementing new rates requires a make whole adjustment.

## SECOND ATTACHMENT

The revenue impacts for RY1 are summarized in Appendix C to the Proposal. The revenue impacts shown in Appendix C were calculated using the forecasted number of customers contained in the Company's original filing. However, on November 15, 2007, the Company updated its sales forecast, necessitating a corresponding update to its customer forecast. The updated sales forecast was agreed to by the Signatory Parties and is attached as Appendix B to the Proposal. As such, it is appropriate to use the corresponding updated customer forecast for rate design purposes. Attached as Exhibit 1 to this Statement in Support are revised revenue impacts for RY1 as well as revenue impacts for RY2 and RY3. The RY1 revenue impacts shown in Exhibit 1, Schedule 1, reflect the revised forecast of customers which results in a small (approximately $61,000) shift in revenues from competitive service revenues to non-competitive delivery revenues.

This revision impacts competitive service charge revenues for metering and competitive service charge revenues in total that are listed in Section 3.D. of the Proposal. In addition, the revision to the customer forecast changes the non-competitive delivery revenue change for SC 20 from a decrease to an increase, permitting SC 20 to be treated in the rate design in the same manner as other SCs experiencing non-competitive delivery revenue increases. Exhibit 2 shows, in redline/strikeout format, the impact of these changes on the language in Section 3.D. of the Proposal.

3. Rate Design & Unbundling

D. Delivery Rate Changes

Rate Year 1

The levelized Rate Year 1 revenue requirement of $15,591,000 was then adjusted to remove the amounts included for New York State Gross Receipts and Franchise Tax surcharge revenues, Municipal Tax surcharge revenues and Metropolitan Transportation Authority Business Tax Surcharge revenues. These tax-related revenues total $148,115. Further adjustments were made to subtract (a) $447,700 representing the amount associated with purchased power working capital; (b) $312,442 representing an increase in revenue associated with an increase in the Billing and Payment Processing Charge applicable to gas customers and the Billing Cost applicable to energy services companies (“ESCOs”); and (c) $1,073,000 associated with commodity-related uncollectibles. The Rate Year 1 delivery revenue requirement was then increased by $1,620,000 to reflect the roll-in from the ECA to base rates of the revenue requirement associated with the Middletown Tap. The result is a net delivery revenue increase of $15,229,743.

Next, delivery revenues at the current rate level for each SC were realigned to reflect one third of the deficiency and surplus indications from the embedded cost of service (“ECOS”) study. The ECOS study used for rate design purposes was prepared using the alternative methodology presented by the Company in the rebuttal testimony of Company witness Nihill. Under this methodology, a portion of transformer costs are classified as being customer-related and the minimum-size calculation for overhead line transformers was developed using sizes up to and including 15 kVA. This ECOS study also reflects Staff’s proposal to use underground transformers up to and including 25 kVA in the development of the customer-related component.

The net delivery revenue increase was then allocated among the SCs in proportion to the relative contribution made by each SC to the realigned total delivery revenues. A mitigation adjustment was then made, on an overall revenue neutral basis, to limit the delivery increase percentage to any customer class to not more than 1.5 times or less than 0.5 times the overall delivery increase percentage for all classes. Classes having deficiencies which were mitigated in this manner are SC 3, General Primary Service, SC 4, Public Street Lighting, SC 5, Traffic Signal Lighting, and SC 16, Private Area Lighting.

A determination was then made of the portion of the delivery rate increase attributable to the competitive supply-related and credit and collections-related components of the new merchant function charge, the credit and collections-related component of the POR discount, the competitive metering charges and the billing and payment processing charge.

Rate Year 1 revenues associated with each of these competitive service charges were determined by service classification. Total Rate Year 1 competitive service charge revenues are as follows:

| | |
|---|---|
| Merchant Function Charge Supply Related Component (excluding purchased power working capital) | $3,100,403 |
| Merchant Function Charge Credit and Collections Related Component | $1,549,190 |
| POR Discount Credit and Collections Related Component | $972,814 |
| Metering Charges | $2,810,505 |
| Billing and Payment Processing (applicable to electric customers) | $1,246,762 |
| Total | $9,679,674 |

Competitive service charge revenues were then deducted from the SC-specific net delivery revenue requirements determined previously to compute the "non-competitive delivery revenue increase" for each SC. Rate Year 1 non-competitive delivery revenue increases by SC were then restated on the basis of the twelve months ended March 31, 2007, i.e., the historical period for which detailed billing data are available.

Revenue ratios were developed for each class by dividing the historical period delivery revenues for each class by the Rate Year 1 delivery revenues for each class at current rate levels. These revenue ratios for each class were applied to the Rate Year 1 "non-competitive delivery revenue increase" for each class to determine each class's "non-competitive delivery revenue increase" for the historical period.

Each class-specific non-competitive delivery revenue increase, determined as set forth above, was divided by the total of the customer charge, usage charge, and where applicable, demand charge revenues, at current rate levels, to establish average class-specific percentages by which non-competitive delivery rates are to be increased.

For SC 1, 19, 3, 9, 20, 21 and 22, the customer charge was increased by twice the class-specific average percentage increase. Revenue increases attributable to these increases in customer charges were then subtracted from each class-specific non-competitive delivery revenue increase. For SC 1 and 19, the remaining class-specific non-competitive delivery revenue increase was applied to the per kWh usage charges on an equal percentage basis. For SC 3, 9, 20, 21 and 22, demand charges were increased by the class-specific average percentage increase. The remaining class-specific non-competitive delivery revenue increase, after subtracting revenue increases attributable to increases in customer charges and demand charges, was applied to the per kWh usage charges on an equal percentage basis.

For SC 2, there is no increase in the customer charge. While this class receives an overall increase in delivery revenues, the portion of its delivery revenues from which its customer charge is derived (the non-competitive delivery revenues) is being decreased. Thus, rather than applying a decrease, the customer charge will remain at its current level. A separate reduced customer charge has been established for the unmetered service subclass under SC 2 reflecting customer costs for this subclass. The non-competitive delivery revenue decrease for SC 2 is applied on an equal percentage basis to demand and usage charges.

Each charge in SC 4, 5 and the SC 16 dusk to dawn subclass was increased by their respective class-specific average percentage increases. For the SC 16 energy only subclass, the customer charge for metered service was increased by the average percentage delivery revenue increase for the subclass. The customer charge for unmetered service was set equal to the SC 2 customer charge for unmetered service. The remaining revenue increase applicable to this subclass, after subtracting revenue increases attributable to increases in customer charges, was applied to the per kWh usage charges on an equal percentage basis.

For SC 25, standby service, the charges in the Rate 1, Rate 2 and Rate 3 subclasses, in which there are currently no customers, were increased by the non-competitive delivery revenue increases of their otherwise applicable non-standby SCs. For SC 25 Rate 4, the non-competitive delivery revenue increase, allocated as described above, was applied to delivery charges on an equal percentage basis.

Customer charges and contract demand charges under SC 15 were increased by the delivery increase percentage for all classes.

# ORANGE AND ROCKLAND UTILITIES, INC.

Case 07-E-0949

Impact of Rate Year 1 Rate Change on Total Revenue
For the Rate Year Twelve Months Ending June 30, 2009 (1) (2)
(Based on Billed Sales and Revenues)

| Service Classification | Rate Year Billed Sales (MWH) | Customers | Revenue At Current Rates ($000s) | Revenue At RY 1 Rates ($000s) | Change ($000s) | Percent Change |
|---|---|---|---|---|---|---|
| SC1 | 1,598,277 | 188,067 | 264,923 | 273,076 | 8,153 | 3.08% |
| SC19 | 103,177 | 3,913 | 16,152 | 16,620 | 468 | 2.90% |
| Total Res | 1,701,454 | 191,980 | 281,074 | 289,696 | 8,622 | 3.07% |
| SC2 | 936,551 | 27,192 | 144,312 | 147,596 | 3,284 | 2.28% |
| SC20 | 42,168 | 231 | 5,747 | 5,855 | 108 | 1.88% |
| Total Secondary | 978,719 | 27,423 | 150,058 | 153,451 | 3,392 | 2.26% |
| SC3 | 406,194 | 297 | 51,130 | 52,277 | 1,147 | 2.24% |
| SC21 | 108,534 | 46 | 13,294 | 13,521 | 227 | 1.71% |
| Total Primary | 514,728 | 343 | 64,424 | 65,798 | 1,374 | 2.13% |
| Total Sec & Pri | 1,493,447 | 27,766 | 214,482 | 219,248 | 4,766 | 2.22% |
| SC9 (Commercial) | 428,176 | 41 | 52,164 | 52,964 | 800 | 1.53% |
| SC22 (Industrial) | 369,255 | 33 | 42,934 | 43,437 | 503 | 1.17% |
| Total SC9 & SC22 | 797,431 | 74 | 95,098 | 96,400 | 1,302 | 1.37% |
| SC4 | 20,213 | 72 | 4,630 | 4,947 | 317 | 6.85% |
| SC5 | 3,435 | 506 | 633 | 668 | 35 | 5.58% |
| SC 16 -dusk-to-dawn | 10,703 | 2,682 | 2,259 | 2,405 | 145 | 6.43% |
| SC 16 - energy only | 4,427 | 404 | 643 | 665 | 22 | 3.45% |
| SC16 - Total | 15,130 | 3,086 | 2,903 | 3,070 | 168 | 5.77% |
| Total Lighting | 38,778 | 3,664 | 8,165 | 8,685 | 520 | 6.37% |
| SC 25 | 52,000 | 1 | 6,050 | 6,111 | 61 | 1.00% |
| Public Authority | 105,084 | 1 | 12,706 | 12,706 | 0 | 0.00% |
| Total | 4,188,194 | 223,486 | 617,575 | 632,846 | 15,271 | 2.47% |
| Competitive Services Revenues (3) | | | 0 | 315 | 315 | NA |
| Total | 4,188,194 | 223,486 | 617,575 | 633,162 | 15,587 | 2.52% |

Notes:
1. For comparison purposes, an estimated electric supply charge for retail access customers has been included in total revenues. This is equivalent, on a per unit basis, to the cost of electric supply included in full service customer revenues.
2. All revenues exclude revenues associated with the Energy Efficiency Surcharge.
3. Revenues associated with increase in Billing & Payment Processing Charges to gas customers and to ESCOs.

**<u>ORANGE AND ROCKLAND UTILITIES, INC</u>.**

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**Rate Design Work-papers - Rate Year 1**

**Calculation of Incremental Revenue Requirement for Rate Year 1** [1]

| | | |
|---|---|---|
| a. | Incremental Revenue Requirement for Rate 1 Year Including Gross Receipts/MTA Taxes | $15,591,000 |
| b. | Gross Receipts/MTA Tax Included in Incremental Revenue Requirement | <u>$148,115</u> |
| c. | Incremental Revenue Requirement for Rate Year 1 Excluding Gross Receipts/MTA Taxes (a - b) | $15,442,885 |
| d. | Transfer of Purchase Power Working Capital Expense from Base Rates to MFC | $447,700 |
| e. | Incremental Revenue Derived from Gas Customers and Marketers as a result of increase in Billing and Payment Processing Charge and Billing Cost to Marketers as a result of increase in B&PPC/Billing Cost from $0.62 to $1.02 | $312,442 |
| f. | Transfer of Middletown Tap from ECA to Base Rates | $1,620,000 |
| g. | Transfer of Commodity Related Uncollectibles for full service customers from Base Rates to MFC | $1,073,000 |
| h. | Adjusted Incremental Revenue Requirement for Rate Year 1 | $15,229,743 |
| i. | Rate Year 1 Bundled Delivery Revenues at Current Rate Level, Excl. West Point | $182,900,000 |
| j. | Rate Year 1 Overall Percentage Increase in Delivery Revenues (h / i) | 8.32681% |

<u>Note:</u>
1 Twelve months ending June 30, 2009

**ORANGE AND ROCKLAND UTILITIES, INC.**

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**Rate Design Work-papers - Rate Year 1**

**Allocation of Incremental Revenue Requirement Among Customer Classes**

| Class | Bundled Rate Yr. 1 Delivery Rev. ($) | (Surplus)/ Deficiency (1) ($) | Adj. Rate Yr. 1 Delivery Revenue ($) | Rate Yr. 1 Incr. @ 8.32681% ($) | Rate Yr. 1 Bundled Delivery Rev. at Rate Yr. 1 Rate Level ($) | Rate Yr. 1 Increase Incl. (Surplus)/Deficiency ($) | Rate Yr. 1 Bundled % | Mitigation Adjustment (2) | Mitigation Increase | Adj. Rate Yr. 1 Incl. (Surplus)/Deficiency Incl. Mitigation Adj./Incr. | Adj. Rate Yr. 1 Bundled % | Adj. Rate Yr. 1 Bundled Delivery Rev. at Rate Yr. 1 Rate Level |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC1 | 99,396,000 | (351,333) | 99,044,667 | 8,247,261 | 107,291,928 | 7,895,928 | 7.94391% | 0 | 204,242 | 8,100,170 | 8.14939% | 107,496,170 |
| SC19 | 5,481,000 | 0 | 5,481,000 | 456,392 | 5,937,392 | 456,392 | 8.32680% | 0 | 11,302 | 467,694 | 8.53300% | 5,948,694 |
| Total Res | 104,877,000 | (351,333) | 104,525,667 | 8,703,653 | 113,229,320 | 8,352,320 | 7.96392% | 0 | 215,544 | 8,567,864 | 8.16944% | 113,444,864 |
| SC2 | 47,483,000 | (705,000) | 46,778,000 | 3,895,115 | 50,673,115 | 3,190,115 | 6.71844% | 0 | 96,462 | 3,286,577 | 6.92159% | 50,769,577 |
| SC20 | 1,406,000 | (11,000) | 1,395,000 | 116,159 | 1,511,159 | 105,159 | 7.47930% | 0 | 2,877 | 108,036 | 7.68393% | 1,514,036 |
| Total Sec | 48,889,000 | (716,000) | 48,173,000 | 4,011,274 | 52,184,274 | 3,295,274 | 6.74032% | 0 | 99,339 | 3,394,613 | 6.94351% | 52,283,613 |
| SC3 | 9,213,000 | 364,000 | 9,577,000 | 797,459 | 10,374,459 | 1,161,459 | 12.60674% | (10,735) | 0 | 1,150,724 | 12.49022% | 10,363,724 |
| SC21 | 2,174,000 | 37,667 | 2,211,667 | 184,161 | 2,395,828 | 221,828 | 10.20366% | 0 | 4,561 | 226,389 | 10.41346% | 2,400,389 |
| Total Pri | 11,387,000 | 401,667 | 11,788,667 | 981,620 | 12,770,287 | 1,383,287 | 12.14795% | (10,735) | 4,561 | 1,377,113 | 12.09373% | 12,764,113 |
| Total Sec & Pri | 60,276,000 | (314,333) | 59,961,667 | 4,992,894 | 64,954,561 | 4,678,561 | 7.76190% | (10,735) | 103,900 | 4,771,726 | 7.91646% | 65,047,726 |
| Total SC9 (Com) | 8,061,000 | 110,000 | 8,171,000 | 680,384 | 8,851,384 | 790,384 | 9.80504% | 0 | 16,850 | 807,234 | 10.01407% | 8,868,234 |
| Total SC22 (Mfg) | 4,882,000 | 85,333 | 4,967,333 | 413,620 | 5,380,953 | 498,953 | 10.22026% | 0 | 10,243 | 509,196 | 10.43008% | 5,391,196 |
| Total SC 9 & SC 22 | 12,943,000 | 195,333 | 13,138,333 | 1,094,004 | 14,232,337 | 1,289,337 | 9.96166% | 0 | 27,093 | 1,316,430 | 10.17098% | 14,259,430 |
| SC4 | 2,531,000 | 180,667 | 2,711,667 | 225,795 | 2,937,462 | 406,462 | 16.05933% | (90,334) | 0 | 316,128 | 12.49023% | 2,847,127 |
| SC5 | 278,000 | 22,000 | 300,000 | 24,980 | 324,980 | 46,980 | 16.89928% | (12,257) | 0 | 34,723 | 12.49029% | 312,723 |
| SC 16 -dusk-to-dawn | 1,145,000 | 258,333 | 1,403,333 | 116,853 | 1,520,186 | 375,186 | 32.76737% | (232,173) | 0 | 143,013 | 12.49025% | 1,288,013 |
| SC 16 - energy only | 185,000 | 9,333 | 194,333 | 16,182 | 210,515 | 25,515 | 13.79207% | (2,408) | 0 | 23,107 | 12.49045% | 208,107 |
| SC16 - Total | 1,330,000 | 267,667 | 1,597,667 | 133,035 | 1,730,702 | 400,702 | 30.12794% | (234,581) | 0 | 166,121 | 12.49028% | 1,496,120 |
| Total Lights | 4,139,000 | 470,333 | 4,609,333 | 383,810 | 4,993,143 | 854,143 | 20.63647% | (337,172) | 0 | 516,971 | 12.49025% | 4,655,970 |
| SC 25 | | | | | | | | | | | | |
| Rate 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 4 | 665,000 | 0 | 665,000 | 55,373 | 720,373 | 55,373 | 8.32677% | 0 | 1,371 | 56,744 | 8.53293% | 721,744 |
| Total | 665,000 | 0 | 665,000 | 55,373 | 720,373 | 55,373 | | 0 | 1,371 | 56,744 | 8.53293% | 721,744 |
| Total | 182,900,000 | (0) | 182,900,000 | 15,229,734 | 198,129,734 | 15,229,734 | 8.32681% | (347,907) | 347,908 | 15,229,735 | 8.32681% | 198,129,735 |

Notes: 1 Exhibit E-12, Schedule 1, Table 1A adjusted to reflect Staff and Company agreement on tranformer costs.
Deficiencies & Surpluses phased-in equally over the three rate years.
2 Overall bundled delivery increase limited to no more than 1.5 or no less than 0.5 times the overall delivery revenue increase = 12.49022% 4.16341%

**ORANGE AND ROCKLAND UTILITIES, INC.**

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**Rate Design Work-papers - Rate Year 1**

**Determination of Non-competitive RY 1 Delivery Revenue Increase**

| | | | Rate Year 1 Competitive Services Revenues (1) | | | | | |
|---|---|---|---|---|---|---|---|---|
| Class | Adj. Rate Yr. 1 Incl. (Surplus)/Deficiency & Mitigation Adj./Incr. ($) | MFC Supply Related Rev. ($) | MFC Credit & Collections Related Rev. ($) | POR Credit & Collections Related Rev. | Competitive Metering Related Rev. ($) | Billing & Payment Proc. Charge Rev. ($) | Total Rate Yr. 1 Competitive Services Rev. ($) | Rate Yr. 1 Non-Comp. Delivery Revenue Incr. |
| SC1 | 8,100,170 | 2,093,460 | 1,123,054 | 650,018 | NA | 1,031,158 | 4,897,690 | 3,202,480 |
| SC19 | 467,694 | 111,805 | 59,979 | 54,276 | NA | 15,331 | 241,391 | 226,303 |
| Total Res | 8,567,864 | 2,205,265 | 1,183,033 | 704,294 | 0 | 1,046,489 | 5,139,081 | 3,428,783 |
| SC2 | 3,286,577 | 493,281 | 227,242 | 146,541 | 2,595,332 | 189,329 | 3,651,725 | (365,148) |
| SC20 | 108,036 | 22,541 | 10,384 | 6,907 | 53,334 | 1,418 | 94,584 | 13,452 |
| Total Sec | 3,394,613 | 515,822 | 237,626 | 153,448 | 2,648,666 | 190,747 | 3,746,309 | (351,696) |
| SC3 | 1,150,724 | 102,287 | 34,096 | 45,695 | 60,517 | 2,019 | 244,614 | 906,110 |
| SC21 | 226,389 | 30,720 | 10,240 | 11,568 | 28,427 | 281 | 81,236 | 145,153 |
| Total Pri | 1,377,113 | 133,007 | 44,336 | 57,263 | 88,944 | 2,300 | 325,850 | 1,051,263 |
| Total Sec & Pri | 4,771,726 | 648,829 | 281,962 | 210,711 | 2,737,610 | 193,047 | 4,072,159 | 699,567 |
| Total SC9 (Com) | 807,234 | 104,861 | 34,954 | 25,839 | 39,547 | 631 | 205,832 | 601,402 |
| Total SC22 (Mfg) | 509,196 | 101,619 | 33,873 | 22,564 | 32,070 | 776 | 190,902 | 318,294 |
| Total SC 9 & SC 22 | 1,316,430 | 206,480 | 68,827 | 48,403 | 71,617 | 1,407 | 396,734 | 919,696 |
| SC4 | 316,127 | 5,677 | 2,615 | 6,640 | 0 | 661 | 15,593 | 300,534 |
| SC5 | 34,723 | 966 | 445 | 1,095 | 0 | 2,289 | 4,795 | 29,928 |
| SC 16 -dusk-to-dawn | 143,013 | 7,674 | 3,535 | 994 | 0 | 2,481 | 14,684 | 128,329 |
| SC 16 - energy only | 23,107 | 2,112 | 973 | 677 | 0 | 376 | 4,138 | 18,969 |
| SC16 - Total | 166,120 | 9,786 | 4,508 | 1,671 | 0 | 2,857 | 18,822 | 147,298 |
| Total Lights | 516,970 | 16,429 | 7,568 | 9,406 | 0 | 5,807 | 39,210 | 477,760 |
| SC 25 | | | | | | | | |
| Rate 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate 4 | 56,744 | 23,400 | 7,800 | 0 | 1,278 | 12 | 32,490 | 24,254 |
| Total | 56,744 | 23,400 | 7,800 | 0 | 1,278 | 12 | 32,490 | 24,254 |
| Total | 15,229,734 | 3,100,403 | 1,549,190 | 972,814 | 2,810,505 | 1,246,762 | 9,679,674 | 5,550,060 |

Note: 1 Excludes purchased power working capital

# ORANGE AND ROCKLAND UTILITIES, INC.

Case 07-E-0949

Impact of Rate Year 2 Rate Change on Total Revenue
For the Rate Year Twelve Months Ending June 30, 2010 (1) (2)
(Based on Billed Sales and Revenues)

| Service Classification | Rate Year Billed Sales (MWH) | Customers | Revenue At RY 1 Rates ($000s) | Revenue At RY 2 Rates ($000s) | Change ($000s) | Percent Change |
|---|---|---|---|---|---|---|
| SC1 | 1,630,070 | 189,633 | 277,753 | 286,065 | 8,312 | 2.99% |
| SC19 | 105,016 | 3,819 | 16,894 | 17,378 | 485 | 2.87% |
| Total Res | 1,735,086 | 193,452 | 294,647 | 303,443 | 8,797 | 2.99% |
| | | | | | | |
| SC2 | 950,645 | 27,488 | 149,650 | 152,860 | 3,210 | 2.15% |
| SC20 | 42,927 | 237 | 5,937 | 6,044 | 107 | 1.80% |
| Total Secondary | 993,572 | 27,725 | 155,587 | 158,905 | 3,318 | 2.13% |
| | | | | | | |
| SC3 | 405,383 | 297 | 52,155 | 53,393 | 1,238 | 2.37% |
| SC21 | 108,250 | 47 | 13,507 | 13,743 | 236 | 1.75% |
| Total Primary | 513,633 | 344 | 65,662 | 67,136 | 1,474 | 2.24% |
| | | | | | | |
| Total Sec & Pri | 1,507,205 | 28,069 | 221,249 | 226,040 | 4,792 | 2.17% |
| | | | | | | |
| SC9 (Commercial) | 427,166 | 41 | 52,829 | 53,672 | 843 | 1.60% |
| | | | | | | |
| SC22 (Industrial) | 368,043 | 33 | 43,304 | 43,830 | 526 | 1.21% |
| | | | | | | |
| Total SC9 & SC22 | 795,209 | 74 | 96,133 | 97,502 | 1,369 | 1.42% |
| | | | | | | |
| SC4 | 20,398 | 72 | 4,960 | 5,307 | 347 | 7.00% |
| SC5 | 3,467 | 506 | 674 | 713 | 38 | 5.69% |
| SC 16 -dusk-to-dawn | 10,800 | 2,703 | 2,414 | 2,571 | 157 | 6.52% |
| SC 16 - energy only | 4,467 | 407 | 672 | 697 | 25 | 3.76% |
| SC16 - Total | 15,267 | 3,110 | 3,086 | 3,269 | 183 | 5.92% |
| Total Lighting | 39,132 | 3,688 | 8,720 | 9,288 | 568 | 6.52% |
| | | | | | | |
| SC 25 | 51,700 | 1 | 6,088 | 6,144 | 57 | 0.93% |
| | | | | | | |
| Public Authority | 107,621 | 1 | 13,026 | 13,026 | 0 | 0.00% |
| | | | | | | |
| Total | 4,235,953 | 225,285 | 639,862 | 655,444 | 15,582 | 2.44% |
| | | | | | | |
| Competitive Services Revenues (3) | | | 315 | 315 | 0 | 0.00% |
| | | | | | | |
| Total | 4,235,953 | 225,285 | 640,177 | 655,759 | 15,582 | 2.43% |

Notes:

1. For comparison purposes, an estimated electric supply charge for retail access customers has been included in total revenues. This is equivalent, on a per unit basis, to the cost of electric supply included in full service customer revenues.
2. All revenues exclude revenues associated with the Energy Efficiency Surcharge.
3. Revenues associated with increase in Billing & Payment Processing Charges to gas customers and to ESCOs.

**ORANGE AND ROCKLAND UTILITIES, INC.**

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**Rate Design Work-papers - Rate Year 2**

**Calculation of Incremental Revenue Requirement for Rate Year 2** (1)

| | | |
|---|---|---|
| a. | Incremental Revenue Requirement for Rate Year 2 Including Gross Receipts/MTA Taxes | $15,591,000 |
| b. | Gross Receipts/MTA Tax Included in Incremental Revenue Requirement | $148,115 |
| c. | Incremental Revenue Requirement for Rate Year 2 Excluding Gross Receipts/MTA Taxes (a - b) | $15,442,885 |
| d. | Rate Year 2 Bundled Delivery Revenues Excl. West Point | $190,328,000 |
| e. | Rate Year 2 Overall Percentage Increase in Delivery Revenues (c / d) | 8.11383% |

Note:
1 Twelve months ending June 30, 2010

**ORANGE AND ROCKLAND UTILITIES, INC.**

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**Rate Design Work-papers - Rate Year 2**

**Allocation of Rate Year 2 Incremental Revenue Requirement Among Customer Classes**

| Class | Bundled Rate Yr. 2 Delivery Rev. ($) | (Surplus)/ Deficiency (1) ($) | Adj. Rate Yr. 2 Delivery Revenue ($) | Rate Yr. 2 Incr. @ 8.11383% ($) | Rate Yr. 2 Bundled Delivery Rev. at Proposed Rate Level ($) | Rate Yr. 2 Increase Incl. (Surplus)/Deficiency ($) | Rate Yr. 2 Bundled % | Mitigation Adj. (2) | Mitigation Increase | Adj. Rate Yr. 2 Incl. (Surplus)/Deficiency & Mitigation Adj./Incr. | Adj. Rate Yr. 2 Bundled % | Mitigation Adj. (2) | Mitigation Increase | Adj. Rate Yr. 2 Incl. (Surplus)/Deficiency & Mitigation Adj./Incr. | Adj. Rate Yr. 2 Bundled % | Adj. Rate Yr. 2 Bundled Delivery Rev. at Rate Yr. 2 Rate Level |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC1 | 103,868,000 | (351,333) | 103,516,667 | 8,399,166 | 111,915,833 | 8,047,833 | 7.74814% | 0 | 179,465 | 8,227,298 | 7.92092% | 0 | 1,325 | 8,228,623 | 7.92219% | 112,096,623 |
| SC19 | 5,788,000 | 0 | 5,788,000 | 469,628 | 6,257,628 | 469,628 | 8.11382% | 0 | 10,035 | 479,663 | 8.28720% | 0 | 74 | 479,737 | 8.28848% | 6,267,737 |
| Total Res | 109,656,000 | (351,333) | 109,304,667 | 8,868,794 | 118,173,461 | 8,517,461 | 7.76744% | 0 | 189,500 | 8,706,961 | 7.94025% | 0 | 1,399 | 8,708,360 | 7.94153% | 118,364,360 |
| SC2 | 47,680,000 | (705,000) | 46,975,000 | 3,811,472 | 50,786,472 | 3,106,472 | 6.51525% | 0 | 81,440 | 3,187,912 | 6.68606% | 0 | 601 | 3,188,513 | 6.68732% | 50,868,513 |
| SC20 | 1,423,000 | (11,000) | 1,412,000 | 114,567 | 1,526,567 | 103,567 | 7.27807% | 0 | 2,448 | 106,015 | 7.45011% | 0 | 18 | 106,033 | 7.45137% | 1,529,033 |
| Total Sec | 49,103,000 | (716,000) | 48,387,000 | 3,926,039 | 52,313,039 | 3,210,039 | 6.53736% | 0 | 83,888 | 3,293,927 | 6.70820% | 0 | 619 | 3,294,546 | 6.70946% | 52,397,546 |
| SC3 | 10,092,000 | 364,000 | 10,456,000 | 848,382 | 11,304,382 | 1,212,382 | 12.01330% | 0 | 18,127 | 1,230,509 | 12.19292% | (2,237) | 0 | 1,228,272 | 12.17075% | 11,320,272 |
| SC21 | 2,334,000 | 37,667 | 2,371,667 | 192,433 | 2,564,100 | 230,100 | 9.85861% | 0 | 4,112 | 234,212 | 10.03479% | 0 | 30 | 234,242 | 10.03608% | 2,568,242 |
| Total Pri | 12,426,000 | 401,667 | 12,827,667 | 1,040,815 | 13,868,482 | 1,442,482 | 11.60858% | 0 | 22,239 | 1,464,721 | 11.78755% | (2,237) | 30 | 1,462,514 | 11.76979% | 13,888,514 |
| Total Sec & Pri | 61,529,000 | (314,333) | 61,214,667 | 4,966,854 | 66,181,521 | 4,652,521 | 7.56151% | 0 | 106,127 | 4,758,648 | 7.73399% | (2,237) | 649 | 4,757,060 | 7.73141% | 66,286,060 |
| Total SC9 (Com) | 8,647,000 | 110,000 | 8,757,000 | 710,528 | 9,467,528 | 820,528 | 9.48916% | 0 | 15,182 | 835,710 | 9.66474% | 0 | 112 | 835,822 | 9.66603% | 9,482,822 |
| Total SC22 (Mfg) | 5,190,000 | 85,333 | 5,275,333 | 428,032 | 5,703,365 | 513,365 | 9.89140% | 0 | 9,146 | 522,511 | 10.06765% | 0 | 68 | 522,579 | 10.06896% | 5,712,579 |
| Total SC 9 & SC 22 | 13,837,000 | 195,333 | 14,032,333 | 1,138,560 | 15,170,893 | 1,333,893 | 9.64004% | 0 | 24,328 | 1,358,221 | 9.81586% | 0 | 180 | 1,358,401 | 9.81716% | 15,195,401 |
| SC4 | 2,828,000 | 180,667 | 3,008,667 | 244,118 | 3,252,785 | 424,785 | 15.02069% | (80,596) | 0 | 344,189 | 12.17075% | 0 | 0 | 344,189 | 12.17075% | 3,172,189 |
| SC5 | 312,000 | 22,000 | 334,000 | 27,100 | 361,100 | 49,100 | 15.73718% | (11,127) | 0 | 37,973 | 12.17075% | 0 | 0 | 37,973 | 12.17075% | 349,973 |
| SC 16 -dusk-to-dawn | 1,273,000 | 258,333 | 1,531,333 | 124,250 | 1,655,583 | 382,583 | 30.05365% | (227,649) | 0 | 154,934 | 12.17075% | 0 | 0 | 154,934 | 12.17075% | 1,427,934 |
| SC 16 - energy only | 205,000 | 9,333 | 214,333 | 17,391 | 231,724 | 26,724 | 13.03610% | (1,774) | 0 | 24,950 | 12.17075% | 0 | 0 | 24,950 | 12.17075% | 229,950 |
| SC16 - Total | 1,478,000 | 267,666 | 1,745,666 | 141,641 | 1,887,307 | 409,307 | 27.69330% | (229,423) | 0 | 179,884 | 12.17075% | 0 | 0 | 179,884 | 12.17075% | 1,657,884 |
| Total Lights | 4,618,000 | 470,333 | 5,088,333 | 412,859 | 5,501,192 | 883,192 | 19.12499% | (321,147) | 0 | 562,045 | 12.17075% | 0 | 0 | 562,045 | 12.17075% | 5,180,045 |
| SC 25 | | | | | | | | | | | | | | | | |
| Rate 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 4 | 688,000 | 0 | 688,000 | 55,823 | 743,823 | 55,823 | 8.11381% | 0 | 1,193 | 57,016 | 8.28721% | 0 | 9 | 57,025 | 8.28852% | 745,025 |
| Total | 688,000 | 0 | 688,000 | 55,823 | 743,823 | 55,823 | | 0 | 1,193 | 57,016 | 8.28721% | 0 | 9 | 57,025 | 8.28852% | 745,025 |
| Total | 190,328,000 | 0 | 190,328,000 | 15,442,890 | 205,770,890 | 15,442,890 | 8.11383% | (321,147) | 321,148 | 15,442,891 | 8.11383% | (2,237) | 2,237 | 15,442,891 | 8.11383% | 205,770,891 |

Notes: 1 Exhibit E-12, Schedule 1, Table 1A adjusted to reflect Staff and Company agreement on tranformer costs.
Deficiencies & Surpluses phased-in equally over the three rate years.
2 Overall bundled delivery increase limited to no more than 1.5 or no less than 0.5 times the overall delivery revenue increase = 12.17075% 4.05692%

**ORANGE AND ROCKLAND UTILITIES, INC.**

Case 07-E-0949

**Rate Design Work-papers - Rate Year 2**

**Determination of Non-competitive RY 2 Delivery Revenue Increase**

| Class | Adj. Rate Yr. 2 Incr. Incl. (Surplus)/Deficiency Incl. Mitigation Adj./Incr. ($) | Rate Year 2 Incremental Competitive Services Revenues: MFC Supply Related Rev. ($) | MFC Credit & Collections Related Rev. ($) | POR Credit & Collections Related Rev. | | Competitive Metering Related Rev. ($) | Billing & Payment Proc. Charge Rev. ($) | Total Rate Yr. 2 Incremental Comp. Services Rev. ($) | Rate Yr. 2 Non-Comp. Delivery Revenue Incr. |
|---|---|---|---|---|---|---|---|---|---|
| SC1 | 8,228,623 | 44,482 | 22,241 | 10,359 | NA | | 0 | 77,082 | 8,151,541 |
| SC19 | 479,737 | 2,371 | 1,186 | 863 | NA | | 0 | 4,420 | 475,317 |
| Total Res | 8,708,360 | 46,853 | 23,427 | 11,222 | | 0 | 0 | 81,502 | 8,626,858 |
| | | | | | | | | | |
| SC2 | 3,188,513 | 11,251 | 5,626 | 3,099 | | 174,242 | 0 | 194,218 | 2,994,295 |
| SC20 | 106,033 | 516 | 257 | 147 | | 4,068 | 0 | 4,988 | 101,045 |
| Total Sec | 3,294,546 | 11,767 | 5,883 | 3,246 | | 178,310 | 0 | 199,206 | 3,095,340 |
| | | | | | | | | | |
| SC3 | 1,228,272 | 4,537 | 2,268 | 2,606 | | 7,378 | 0 | 16,789 | 1,211,483 |
| SC21 | 234,242 | 1,362 | 681 | 659 | | 2,923 | 0 | 5,625 | 228,617 |
| Total Pri | 1,462,514 | 5,899 | 2,949 | 3,265 | | 10,301 | 0 | 22,414 | 1,440,100 |
| | | | | | | | | | |
| Total Sec & Pri | 4,757,060 | 17,666 | 8,832 | 6,511 | | 188,611 | 0 | 221,620 | 4,535,440 |
| | | | | | | | | | |
| Total SC9 (Com) | 835,822 | 4,650 | 2,325 | 1,473 | | 3,880 | 0 | 12,328 | 823,494 |
| | | | | | | | | | |
| Total SC22 (Mfg) | 522,579 | 4,501 | 2,250 | 1,285 | | 3,144 | 0 | 11,180 | 511,399 |
| | | | | | | | | | |
| Total SC 9 & SC 22 | 1,358,401 | 9,151 | 4,575 | 2,758 | | 7,024 | 0 | 23,508 | 1,334,893 |
| | | | | | | | | | |
| SC4 | 344,189 | 128 | 64 | 140 | | 0 | 0 | 332 | 343,857 |
| SC5 | 37,973 | 22 | 11 | 23 | | 0 | 0 | 56 | 37,917 |
| SC 16 -dusk-to-dawn | 154,934 | 174 | 87 | 21 | | 0 | 0 | 282 | 154,652 |
| SC 16 - energy only | 24,950 | 48 | 24 | 14 | | 0 | 0 | 86 | 24,864 |
| SC16 - Total | 179,884 | 222 | 111 | 35 | | 0 | 0 | 368 | 179,516 |
| Total Lights | 562,045 | 372 | 186 | 198 | | 0 | 0 | 756 | 561,289 |
| | | | | | | | | | |
| SC 25 | | | | | | | | | |
| Rate 1 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Rate 2 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Rate 3 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Rate 4 | 57,025 | 1,034 | 517 | 0 | | 126 | 0 | 1,677 | 55,348 |
| Total | 57,025 | 1,034 | 517 | 0 | | 126 | 0 | 1,677 | 55,348 |
| | | | | | | | | | |
| Total | 15,442,891 | 75,076 | 37,537 | 20,689 | | 195,761 | 0 | 329,063 | 15,113,828 |

# ORANGE AND ROCKLAND UTILITIES, INC.

Case 07-E-0949

Impact of Rate Year 3 Rate Change on Total Revenue
For the Rate Year Twelve Months Ending June 30, 2011 (1) (2)
(Based on Billed Sales and Revenues)

| Service Classification | Rate Year Billed Sales (MWH) | Customers | Revenue At RY 2 Rates ($000s) | Revenue At RY 3 Rates ($000s) | Change ($000s) | Percent Change |
|---|---|---|---|---|---|---|
| SC1 | 1,661,096 | 191,316 | 290,739 | 299,481 | 8,742 | 3.01% |
| SC19 | 107,147 | 3,773 | 17,673 | 18,182 | 509 | 2.88% |
| Total Res | 1,768,243 | 195,089 | 308,412 | 317,663 | 9,251 | 3.00% |
| SC2 | 960,103 | 27,787 | 154,156 | 157,294 | 3,138 | 2.04% |
| SC20 | 43,242 | 243 | 6,092 | 6,204 | 112 | 1.84% |
| Total Secondary | 1,003,345 | 28,030 | 160,248 | 163,498 | 3,250 | 2.03% |
| SC3 | 403,442 | 297 | 53,121 | 54,121 | 1,001 | 1.88% |
| SC21 | 107,747 | 48 | 13,677 | 13,903 | 226 | 1.65% |
| Total Primary | 511,189 | 345 | 66,798 | 68,024 | 1,227 | 1.84% |
| Total Sec & Pri | 1,514,534 | 28,375 | 227,046 | 231,523 | 4,477 | 1.97% |
| SC9 (Commercial) | 425,310 | 41 | 53,421 | 54,258 | 837 | 1.57% |
| SC22 (Industrial) | 366,311 | 33 | 43,613 | 44,116 | 503 | 1.15% |
| Total SC9 & SC22 | 791,621 | 74 | 97,035 | 98,374 | 1,340 | 1.38% |
| SC4 | 20,559 | 72 | 5,322 | 5,606 | 284 | 5.33% |
| SC5 | 3,495 | 506 | 720 | 751 | 31 | 4.35% |
| SC 16 -dusk-to-dawn | 10,922 | 2,724 | 2,583 | 2,711 | 127 | 4.92% |
| SC 16 - energy only | 4,467 | 411 | 696 | 716 | 20 | 2.90% |
| SC16 - Total | 15,389 | 3,135 | 3,279 | 3,427 | 147 | 4.50% |
| Total Lighting | 39,443 | 3,713 | 9,321 | 9,783 | 462 | 4.96% |
| SC 25 | 52,200 | 1 | 6,203 | 6,264 | 61 | 0.98% |
| Public Authority | 109,709 | 1 | 13,255 | 13,255 | 0 | 0.00% |
| Total | 4,275,750 | 227,253 | 661,272 | 676,862 | 15,590 | 2.36% |
| Competitive Services Revenues (3) | | | 315 | 315 | 0 | 0.00% |
| Total | 4,275,750 | 227,253 | 661,587 | 677,177 | 15,590 | 2.36% |

Notes:

1. For comparison purposes, an estimated electric supply charge for retail access customers has been included in total revenues. This is equivalent, on a per unit basis, to the cost of electric supply included in full service customer revenues.
2. All revenues exclude revenues associated with the Energy Efficiency Surcharge.
3. Revenues associated with increase in Billing & Payment Processing Charges to gas customers and to ESCOs.

**ORANGE AND ROCKLAND UTILITIES, INC.**

Case 07-E-0949

**Rate Design Work-papers - Rate Year 3**

**Calculation of Incremental Revenue Requirement for Rate Year 3** [(1)]

| | | |
|---|---|---|
| a. | Incremental Revenue Requirement for Rate 3 Year Including Gross Receipts/MTA Taxes | $5,688,000 |
| b. | Gross Receipts/MTA Tax Included in Incremental Revenue Requirement | $54,036 |
| c. | Incremental Revenue Requirement for Rate Year 3 Excluding Gross Receipts/MTA Taxes (a - b) | $5,633,964 |
| d. | Rate Year 3 Bundled Delivery Revenues Excl. West Point | $207,008,000 |
| e. | Rate Year 3 Overall Percentage Increase in Delivery Revenues (c / d) | 2.72162% |

Note:
1 Twelve months ending June 30, 2011

**ORANGE AND ROCKLAND UTILITIES, INC.**

Case 07-E-0949

**Rate Design Work-papers - Rate Year 3**

**Allocation of Incremental Revenue Requirement Among Customer Classes**

| Class | Bundled Rate Yr. 3 Delivery Rev. ($) | (Surplus)/ Deficiency (1) ($) | Adj. Rate Yr. 3 Delivery Revenue ($) | Rate Yr. 3 Incr. @ 2.72162% ($) | Rate Yr. 3 Bundled Delivery Rev. at Proposed Rate Level ($) | Rate Yr. 3 Increase Incl. (Surplus)/Deficiency ($) | Rate Yr. 3 Bundled % | Mitigation Adjustment (2) | Mitigation Increase | Adj. Rate Yr. 3 Incl. (Surplus)/Deficiency Incl. Mitigation Adj./Incr. | Adj. Rate Yr. 3 Bundled % | Mitigation Adjustment (2) | Mitigation Increase | Adj. Rate Yr. 3 Incr. Incl. (Surplus)/Deficiency Incl. Mitigation Adj./Incr. | Adj. Rate Yr. 3 Bundled % | Adj. Rate Yr. 3 Bundled Delivery Rev. at Rate Yr. 3 Rate Level |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SC1 | 113,411,000 | (351,333) | 113,059,667 | 3,077,055 | 116,136,722 | 2,725,722 | 2.40340% | 0 | 531,977 | 3,257,699 | 2.87247% | 0 | 19,534 | 3,277,232 | 2.88970% | 116,688,232 |
| SC19 | 6,335,000 | 0 | 6,335,000 | 172,415 | 6,507,415 | 172,415 | 2.72160% | 0 | 29,808 | 202,223 | 3.19215% | 0 | 1,095 | 203,317 | 3.20943% | 6,538,317 |
| Total Res | 119,746,000 | (351,333) | 119,394,667 | 3,249,470 | 122,644,137 | 2,898,137 | 2.42020% | 0 | 561,785 | 3,459,922 | 2.88938% | 0 | 20,628 | 3,480,550 | 2.90661% | 123,226,550 |
| SC2 | 50,939,000 | (705,000) | 50,234,000 | 1,367,179 | 51,601,179 | 662,179 | 1.29990% | 31,004 | 0 | 693,183 | 1.36081% | 0 | 8,679 | 701,862 | 1.37785% | 51,640,862 |
| SC20 | 1,537,000 | (11,000) | 1,526,000 | 41,532 | 1,567,532 | 30,532 | 1.98650% | 0 | 7,180 | 37,712 | 2.45363% | 0 | 264 | 37,976 | 2.47078% | 1,574,976 |
| Total Sec | 52,476,000 | (716,000) | 51,760,000 | 1,408,711 | 53,168,711 | 692,711 | 1.32010% | 31,004 | 7,180 | 730,895 | 1.39282% | 0 | 8,943 | 739,838 | 1.40986% | 53,215,838 |
| SC3 | 11,233,000 | 364,000 | 11,597,000 | 315,626 | 11,912,626 | 679,626 | 6.05030% | (221,047) | 0 | 458,579 | 4.08243% | 0 | 0 | 458,579 | 4.08243% | 11,691,579 |
| SC21 | 2,547,000 | 37,667 | 2,584,667 | 70,345 | 2,655,012 | 108,012 | 4.24080% | (4,033) | 0 | 103,979 | 4.08243% | 0 | 0 | 103,979 | 4.08243% | 2,650,979 |
| Total Pri | 13,780,000 | 401,667 | 14,181,667 | 385,971 | 14,567,638 | 787,638 | 5.71580% | (225,079) | 0 | 562,559 | 4.08243% | 0 | 0 | 562,559 | 4.08243% | 14,342,559 |
| Total Sec & Pri | 66,256,000 | (314,333) | 65,941,667 | 1,794,682 | 67,736,349 | 1,480,349 | 2.23430% | (194,075) | 7,180 | 1,293,454 | 1.95221% | 0 | 8,943 | 1,302,397 | 1.96570% | 67,558,397 |
| Total SC9 (Com) | 9,414,000 | 110,000 | 9,524,000 | 259,207 | 9,783,207 | 369,207 | 3.92190% | 0 | 44,813 | 414,020 | 4.39792% | (29,700) | 0 | 384,320 | 4.08243% | 9,798,320 |
| Total SC22 (Mfg) | 5,665,000 | 85,333 | 5,750,333 | 156,502 | 5,906,835 | 241,835 | 4.26890% | (10,565) | 0 | 231,270 | 4.08243% | 0 | 0 | 231,270 | 4.08243% | 5,896,270 |
| Total SC 9 & SC 22 | 15,079,000 | 195,333 | 15,274,333 | 415,709 | 15,690,042 | 611,042 | 4.05230% | (10,565) | 44,813 | 645,290 | 4.27939% | (29,700) | 0 | 615,590 | 4.08243% | 15,694,590 |
| SC4 | 3,169,000 | 180,667 | 3,349,667 | 91,165 | 3,440,832 | 271,832 | 8.57780% | (142,460) | 0 | 129,372 | 4.08243% | 0 | 0 | 129,372 | 4.08243% | 3,298,372 |
| SC5 | 354,000 | 22,000 | 376,000 | 10,233 | 386,233 | 32,233 | 9.10540% | (17,781) | 0 | 14,452 | 4.08243% | 0 | 0 | 14,452 | 4.08243% | 368,452 |
| SC 16 -dusk-to-dawn | 1,427,000 | 258,333 | 1,685,333 | 45,868 | 1,731,201 | 304,201 | 21.31750% | (245,945) | 0 | 58,256 | 4.08243% | 0 | 0 | 58,256 | 4.08243% | 1,485,256 |
| SC 16 - energy only | 229,000 | 9,333 | 238,333 | 6,487 | 244,820 | 15,820 | 6.90830% | (6,471) | 0 | 9,349 | 4.08243% | 0 | 0 | 9,349 | 4.08243% | 238,349 |
| SC16 - Total | 1,656,000 | 267,666 | 1,923,666 | 52,355 | 1,976,021 | 320,021 | 19.32490% | (252,416) | 0 | 67,605 | 4.08243% | 0 | 0 | 67,605 | 4.08243% | 1,723,605 |
| Total Lights | 5,179,000 | 470,333 | 5,649,333 | 153,753 | 5,803,086 | 624,086 | 12.05030% | (412,657) | 0 | 211,429 | 4.08243% | 0 | 0 | 211,429 | 4.08243% | 5,390,429 |
| SC 25 | | | | | | | | | | | | | | | | |
| Rate 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 | 0 | 0 | 0.00000% | 0 |
| Rate 4 | 748,000 | 0 | 748,000 | 20,358 | 768,358 | 20,358 | 2.72170% | 0 | 3,520 | 23,878 | 3.19219% | 0 | 129 | 24,007 | 3.20946% | 772,007 |
| Total | 748,000 | 0 | 748,000 | 20,358 | 768,358 | 20,358 | | 0 | 3,520 | 23,878 | 3.19219% | 0 | 129 | 24,007 | 3.20946% | 772,007 |
| Total | 207,008,000 | 0 | 207,008,000 | 5,633,972 | 212,641,972 | 5,633,972 | 2.72160% | (617,297) | 617,297 | 5,633,972 | 2.72162% | (29,700) | 29,700 | 5,633,972 | 2.72162% | 212,641,972 |

Notes: 1 Exhibit E-12, Schedule 1, Table 1A adjusted to reflect Staff and Company agreement on tranformer costs.
Deficiencies & Surpluses phased-in equally over the three rate years.
2 Overall bundled delivery increase limited to no more than 1.5 or no less than 0.5 times the overall delivery revenue increase = 4.08243% 1.36081%

**ORANGE AND ROCKLAND UTILITIES, INC.**

Case 07-E-0949

**Rate Design Work-papers - Rate Year 3**

**Determination of Non-competitive RY 3 Delivery Revenue Increase**

| | | | Rate Year 3 Incremental Competitive Services Revenues | | | | | |
|---|---|---|---|---|---|---|---|---|
| Class | Adj. Rate Yr. 3 Incr. Incl. (Surplus)/Deficiency Incl. Mitigation Adj./Incr. ($) | MFC Supply Related Rev. ($) | MFC Credit & Collections Related Rev. ($) | POR Credit & Collections Related Rev. | Competitive Metering Related Rev. ($) | Billing & Payment Proc. Charge Rev. ($) | Total Rate Yr. 3 Incremental Comp. Services Rev. ($) | Non-Competitive Rate Yr. 3 Delivery Revenue Incr. |
| SC1 | 3,277,232 | 33,996 | 11,332 | 10,556 | NA | 0 | 55,884 | 3,221,348 |
| SC19 | 203,317 | 1,814 | 604 | 881 | NA | 0 | 3,299 | 200,018 |
| Total Res | 3,480,550 | 35,810 | 11,936 | 11,437 | 0 | 0 | 59,183 | 3,421,367 |
| | | | | | | | | |
| SC2 | 701,862 | 11,364 | 5,682 | 3,130 | 40,205 | 0 | 60,381 | 641,481 |
| SC20 | 37,976 | 519 | 260 | 147 | 1,486 | 0 | 2,412 | 35,564 |
| Total Sec | 739,838 | 11,883 | 5,942 | 3,277 | 41,691 | 0 | 62,793 | 677,045 |
| | | | | | | | | |
| SC3 | 458,579 | 2,257 | 0 | 1,297 | 2,779 | 0 | 6,333 | 452,246 |
| SC21 | 103,979 | 678 | 0 | 328 | 1,336 | 0 | 2,342 | 101,637 |
| Total Pri | 562,559 | 2,935 | 0 | 1,625 | 4,115 | 0 | 8,675 | 553,884 |
| | | | | | | | | |
| Total Sec & Pri | 1,302,397 | 14,818 | 5,942 | 4,902 | 45,806 | 0 | 71,468 | 1,230,929 |
| | | | | | | | | |
| Total SC9 (Com) | 384,320 | 2,314 | 0 | 733 | 1,861 | 0 | 4,908 | 379,412 |
| | | | | | | | | |
| Total SC22 (Mfg) | 231,270 | 2,240 | 0 | 639 | 1,509 | 0 | 4,388 | 226,882 |
| | | | | | | | | |
| Total SC 9 & SC 22 | 615,590 | 4,554 | 0 | 1,372 | 3,370 | 0 | 9,296 | 606,294 |
| | | | | | | | | |
| SC4 | 129,372 | 130 | 65 | 141 | 0 | 0 | 336 | 129,036 |
| SC5 | 14,452 | 22 | 11 | 23 | 0 | 0 | 56 | 14,396 |
| SC 16 -dusk-to-dawn | 58,256 | 172 | 86 | 23 | 0 | 0 | 281 | 57,975 |
| SC 16 - energy only | 9,349 | 52 | 25 | 13 | 0 | 0 | 90 | 9,259 |
| SC16 - Total | 67,605 | 224 | 111 | 36 | 0 | 0 | 371 | 67,234 |
| Total Lights | 211,429 | 376 | 187 | 200 | 0 | 0 | 763 | 210,666 |
| | | | | | | | | |
| SC 25 | | | | | | | | |
| Rate 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0) |
| Rate 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0) |
| Rate 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (0) |
| Rate 4 | 24,007 | 522 | 0 | 0 | 60 | 0 | 582 | 23,425 |
| Total | 24,007 | 522 | 0 | 0 | 60 | 0 | 582 | 23,425 |
| | | | | | | | | |
| Total | 5,633,972 | 56,080 | 18,065 | 17,911 | 49,236 | 0 | 141,292 | 5,492,680 |

**ORANGE AND ROCKLAND UTILITIES, INC.**

Case 07-E-0949

Rate Design Work-papers

**Calculation of Rate Year 3 Increase Collected through a Temporary Surcharge to the Energy Cost Adjustment**

| Class | Bundled Rate Yr. 3 Delivery Rev. ($) | Rate Yr. 3 Incr. [1] 4.73843% ($) | Rate Yr. 3 Sales (MWh) | Temporary ECA Surcharge ($)/kWh |
|---|---|---|---|---|
| SC1 | 113,411,000 | 5,373,901 | 1,661,096 | 0.00324 |
| SC19 | 6,335,000 | 300,180 | 107,147 | 0.00280 |
| Total Res | 119,746,000 | 5,674,081 | 1,768,243 | |
| SC2 | 50,939,000 | 2,413,709 | 960,103 | 0.00251 |
| SC20 | 1,537,000 | 72,830 | 43,242 | 0.00168 |
| Total Sec | 52,476,000 | 2,486,539 | 1,003,345 | |
| SC3 | 11,233,000 | 532,268 | 403,442 | 0.00132 |
| SC21 | 2,547,000 | 120,688 | 107,747 | 0.00112 |
| Total Pri | 13,780,000 | 652,956 | 511,189 | |
| Total Sec & Pri | 66,256,000 | 3,139,495 | 1,514,534 | |
| Total SC9 (Com) | 9,414,000 | 446,076 | 425,310 | 0.00105 |
| Total SC22 (Mfg) | 5,665,000 | 268,432 | 366,311 | 0.00073 |
| Total SC 9 & SC 22 | 15,079,000 | 714,508 | 791,621 | |
| SC4 | 3,169,000 | 150,161 | 20,559 | 0.00730 |
| SC5 | 354,000 | 16,774 | 3,495 | 0.00480 |
| SC 16 -dusk-to-dawn | 1,427,000 | 67,617 | 10,922 | 0.00619 |
| SC 16 - energy only | 229,000 | 10,851 | 4,467 | 0.00243 |
| SC16 - Total | 1,656,000 | 78,468 | 15,389 | |
| Total Lights | 5,179,000 | 245,403 | 39,443 | |
| SC 25 | | | | |
| Rate 1 | 0 | 0 | 0 | |
| Rate 2 | 0 | 0 | 0 | |
| Rate 3 | 0 | 0 | 0 | |
| Rate 4 | 748,000 | 35,443 | 52,200 | 0.00068 |
| Total | 748,000 | 35,443 | 52,200 | |
| Total | 207,008,000 | 9,808,930 | 4,166,041 | |

Note:

| | |
|---|---|
| 1. RY 3 Increase Collected Via Temporary Surcharge | $9,903,000 |
| Revenue Taxes | 94,079 |
| Increase Less Revenue Taxes | 9,808,921 |
| RY 3 Delivery Revenues | $207,008,000 |
| % Increase | 4.73843% |

**ORANGE & ROCKLAND UTILITIES, INC.**
**Electric Revenue Decoupling Revenue Targets - $000's**
**Rate Year 1: 12 Months Ending June 2009**

| Service Class | Jul-08 | Aug-08 | Sep-08 | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 | Apr-09 | May-09 | Jun-09 | RY1 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | $11,718 | $12,375 | $11,084 | $8,084 | $7,122 | $7,637 | $8,238 | $7,594 | $7,122 | $6,703 | $6,594 | $8,334 | $102,605 |
| 19 | 873 | 890 | 818 | 491 | 305 | 322 | 349 | 315 | 298 | 284 | 281 | 480 | 5,706 |
| 2 | 5,213 | 5,271 | 5,175 | 4,134 | 3,313 | 3,350 | 3,406 | 3,348 | 3,252 | 3,177 | 3,300 | 4,100 | 47,039 |
| 20 | 215 | 174 | 170 | 121 | 92 | 88 | 89 | 88 | 87 | 86 | 86 | 121 | 1,417 |
| 3 | 1,114 | 1,191 | 1,069 | 1,000 | 654 | 761 | 714 | 691 | 632 | 685 | 770 | 835 | 10,116 |
| 9 | 986 | 989 | 838 | 937 | 483 | 468 | 543 | 457 | 493 | 487 | 611 | 1,108 | 8,400 |
| 21 | 359 | 357 | 283 | 167 | 140 | 130 | 132 | 131 | 129 | 130 | 169 | 192 | 2,319 |
| 22 | 580 | 610 | 511 | 416 | 345 | 352 | 324 | 337 | 310 | 332 | 420 | 451 | 4,988 |
| RY1 Billed | $21,058 | $21,857 | $19,948 | $15,350 | $12,454 | $13,108 | $13,795 | $12,961 | $12,323 | $11,884 | $12,231 | $15,621 | $182,590 |
| RY1 Unbilled | $2,318 | ($779) | ($2,999) | ($1,491) | ($214) | $346 | ($642) | ($1,001) | $980 | $435 | $652 | $1,808 | ($587) |
| TOTAL RDM Targets | $23,376 | $21,078 | $16,949 | $13,859 | $12,240 | $13,454 | $13,153 | $11,960 | $13,303 | $12,319 | $12,883 | $17,429 | $182,003 |

**ORANGE & ROCKLAND UTILITIES, INC.**
**Electric Revenue Decoupling Revenue Targets - $000's**
**Rate Year 2: 12 Months Ending June 2010**

| Service Class | Jul-09 | Aug-09 | Sep-09 | Oct-09 | Nov-09 | Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | RY2 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | $12,728 | $13,140 | $11,568 | $8,855 | $7,555 | $8,462 | $9,143 | $8,362 | $8,061 | $7,776 | $7,403 | $8,984 | $112,037 |
| 19 | 949 | 946 | 856 | 560 | 326 | 363 | 394 | 352 | 342 | 335 | 320 | 525 | 6,268 |
| 2 | 5,579 | 5,506 | 5,314 | 4,498 | 3,438 | 3,680 | 3,738 | 3,620 | 3,626 | 3,629 | 3,621 | 4,340 | 50,589 |
| 20 | 231 | 186 | 164 | 137 | 97 | 95 | 98 | 94 | 95 | 101 | 93 | 132 | 1,523 |
| 3 | 1,205 | 1,321 | 1,156 | 1,044 | 716 | 887 | 834 | 781 | 764 | 768 | 843 | 981 | 11,300 |
| 9 | 1,047 | 1,082 | 885 | 964 | 521 | 537 | 620 | 507 | 581 | 539 | 650 | 1,254 | 9,187 |
| 21 | 379 | 391 | 312 | 179 | 147 | 150 | 152 | 145 | 157 | 144 | 184 | 228 | 2,568 |
| 22 | 611 | 670 | 541 | 425 | 376 | 406 | 373 | 377 | 368 | 366 | 448 | 516 | 5,477 |
| RY2 Billed | $22,729 | $23,242 | $20,796 | $16,662 | $13,176 | $14,580 | $15,352 | $14,238 | $13,994 | $13,658 | $13,562 | $16,960 | $198,949 |
| RY2 Unbilled | $3,083 | ($46) | ($2,014) | ($570) | ($5) | ($331) | ($1,252) | ($1,037) | $268 | ($255) | $719 | $2,207 | $767 |
| TOTAL RDM Targets | $25,812 | $23,196 | $18,782 | $16,092 | $13,171 | $14,249 | $14,100 | $13,201 | $14,262 | $13,403 | $14,281 | $19,167 | $199,716 |

**ORANGE & ROCKLAND UTILITIES, INC.**
**Electric Revenue Decoupling Revenue Targets - $000's**
**Rate Year 3: 12 Months Ending June 2011**

| Service Class | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | RY3 Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | $13,580 | $14,750 | $13,062 | $9,576 | $8,422 | $9,163 | $9,917 | $9,097 | $8,822 | $8,110 | $7,762 | $9,846 | $122,107 |
| 19 | 1,008 | 1,054 | 960 | 595 | 371 | 398 | 434 | 388 | 382 | 353 | 340 | 558 | 6,841 |
| 2 | 5,807 | 6,054 | 5,874 | 4,701 | 3,774 | 3,894 | 3,967 | 3,873 | 3,908 | 3,707 | 3,728 | 4,661 | 53,948 |
| 20 | 243 | 197 | 192 | 142 | 106 | 102 | 105 | 103 | 103 | 107 | 100 | 143 | 1,643 |
| 3 | 1,375 | 1,336 | 1,290 | 1,174 | 790 | 893 | 909 | 856 | 807 | 810 | 838 | 1,137 | 12,215 |
| 9 | 1,204 | 1,091 | 980 | 1,085 | 576 | 546 | 674 | 560 | 619 | 573 | 644 | 1,369 | 9,921 |
| 21 | 438 | 403 | 334 | 208 | 168 | 150 | 169 | 159 | 163 | 150 | 184 | 244 | 2,770 |
| 22 | 703 | 670 | 594 | 487 | 412 | 404 | 409 | 412 | 384 | 389 | 448 | 597 | 5,909 |
| RY3 Billed | $24,358 | $25,555 | $23,286 | $17,968 | $14,619 | $15,550 | $16,584 | $15,448 | $15,188 | $14,199 | $14,044 | $18,555 | $215,354 |
| RY3 Unbilled | $3,030 | ($206) | ($2,974) | ($944) | ($88) | $578 | ($960) | ($863) | $568 | $735 | $1,977 | $1,300 | $2,153 |
| TOTAL RDM Targets | $27,388 | $25,349 | $20,312 | $17,024 | $14,531 | $16,128 | $15,624 | $14,585 | $15,756 | $14,934 | $16,021 | $19,855 | $217,507 |

**ORANGE & ROCKLAND ELECTRIC**
**ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATION**
**FORECASTED 12 MONTHS ENDING JUNE 30, 2009**

| | | | REVENUES ($000s) | | | | | |
|---|---|---|---|---|---|---|---|---|
| SC NO. | Volumes (Thousands KWHR) | Sum of Monthly Billable Demand (MW) | T&D Revenues at June 2008 | Non-Competitive Rate Increase-RY1 | T&D Revenues with Rate Increase | T&D Revenues with Rate Increase for RDM classes only | T&D Revenues from customers under Riders G, H and J | **RDM Revenue Targets** |
| | (Column 1) | (Column 2) | (Column 3) | (Column 4) | (Column 5) | (Column 6) | (Column 7) | (Column 8) |
| 1 | 1,598,277 | | 99,396 | 3,209 | 102,605 | 102,605 | | 102,605 |
| 19 | 103,177 | | 5,481 | 225 | 5,706 | 5,706 | | 5,706 |
| Total Residential | 1,701,454 | | 104,877 | 3,434 | 108,311 | 108,311 | | 108,311 |
| 2 | 908,606 | 3,160 | 46,405 | (361) | 46,044 | 46,044 | 70 | 45,974 |
| 20 | 42,168 | 105 | 1,406 | 11 | 1,417 | 1,417 | | 1,417 |
| Total Secondary | 950,774 | 3,265 | 47,811 | (350) | 47,461 | 47,461 | 70 | 47,391 |
| 2 | 27,945 | 88 | 1,078 | (13) | 1,065 | 1,065 | | 1,065 |
| 3 | 406,194 | 1,003 | 9,213 | 903 | 10,116 | 10,116 | | 10,116 |
| 9 | 298,889 | 708 | 6,636 | 494 | 7,130 | 7,130 | 253 | 6,877 |
| 9 substation | 120,208 | 196 | 1,352 | 96 | 1,448 | 1,448 | | 1,448 |
| 9 transmission | 9,079 | 18 | 73 | 2 | 75 | 75 | | 75 |
| 21 | 108,534 | 233 | 2,174 | 145 | 2,319 | 2,319 | | 2,319 |
| 22 | 273,603 | 554 | 4,185 | 268 | 4,453 | 4,453 | 167 | 4,286 |
| 22 substation | 24,323 | 38 | 183 | 16 | 199 | 199 | | 199 |
| 22 transmission | 71,329 | 154 | 514 | 31 | 545 | 545 | 42 | 503 |
| 25 | 52,000 | 2,562 | 665 | 27 | 692 | | | |
| Total Primary | 1,392,104 | 5,554 | 26,073 | 1,969 | 28,042 | 27,350 | 462 | 26,888 |
| 04 | 20,213 | | 2,531 | 299 | 2,830 | | | |
| 05 | 3,435 | | 278 | 34 | 312 | | | |
| 16 | 15,130 | | 1,330 | 148 | 1,478 | | | |
| Total Lighting | 38,778 | | 4,139 | 481 | 4,620 | | | |
| Total Public Authority | 105,084 | 189 | 1,904 | 0 | 1,904 | | | |
| Sub-total Billed | 4,188,194 | 9,008 | 184,804 | 5,534 | 190,338 | 183,122 | 532 | 182,590 |
| Total Unbilled | (14,256) | | (701) | | (587) | (587) | | (587) |
| Grand Total | 4,173,938 | 9,008 | 184,103 | 5,534 | 189,751 | 182,535 | 532 | 182,003 |

Column (1) as shown in Appendix B of the Joint Proposal, Page 1 of 3
Column (3) as shown on Exhibit 14 (Revised)
Column (4) is the pricing of the rate year 1 non-competitive rate increase consistent with the 5,550,060 shown on Exhibit 1, Schedule 1, Page 4 of 4 in the Statement of Support
Column (5) = Column (3) + Column (4)
Column (6) excludes SC 25, Lighting and Contract Customers (PA) as per Appendix E of the Joint Proposal
Column (7) is the T&D revenue related to the customers taking service under Riders G, H and J which is excluded from the RDM as per Appendix E of the Joint Proposal

**ORANGE & ROCKLAND ELECTRIC**
**ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATION**
**FORECASTED 12 MONTHS ENDING JUNE 30, 2010**

| | | | REVENUES ($000s) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| SC NO. | Volumes (Thousands KWHR) | Sum of Monthly Billable Demand (MW) | T&D Revenues at June 2008 | Non-Competitive Rate Increase-RY1 | Non-Competitve Rate Increase-RY2 | T&D Revenues with Rate Increase | T&D Revenues with Rate Increase for RDM classes only | T&D Revenues from customers under Riders G, H and J | **RDM Revenue Targets** |
| | (Column 1) | (Column 2) | (Column 3) | (Column 4) | (Column 5) | (Column 6) | (Column 7) | (Column 8) | (Column 9) |
| 1 | 1,630,070 | | 100,623 | 3,245 | 8,169 | 112,037 | 112,037 | | 112,037 |
| 19 | 105,016 | | 5,557 | 231 | 480 | 6,268 | 6,268 | | 6,268 |
| Total Residential | 1,735,086 | | 106,180 | 3,476 | 8,649 | 118,305 | 118,305 | | 118,305 |
| 2 | 922,256 | 3,209 | 46,970 | (368) | 2,921 | 49,523 | 49,523 | 74 | 49,449 |
| 20 | 42,927 | 105 | 1,409 | 14 | 100 | 1,523 | 1,523 | | 1,523 |
| Total Secondary | 965,183 | 3,314 | 48,379 | (354) | 3,021 | 51,046 | 51,046 | 74 | 50,972 |
| 2 | 28,389 | 90 | 1,091 | (13) | 62 | 1,140 | 1,140 | | 1,140 |
| 3 | 405,383 | 1,001 | 9,190 | 902 | 1,208 | 11,300 | 11,300 | | 11,300 |
| 9 | 298,121 | 703 | 6,616 | 494 | 676 | 7,786 | 7,786 | 277 | 7,509 |
| 9 substation | 119,941 | 199 | 1,365 | 98 | 136 | 1,599 | 1,599 | | 1,599 |
| 9 transmission | 9,104 | 18 | 74 | 0 | 5 | 79 | 79 | | 79 |
| 21 | 108,250 | 234 | 2,188 | 146 | 234 | 2,568 | 2,568 | | 2,568 |
| 22 | 272,622 | 554 | 4,179 | 268 | 435 | 4,882 | 4,882 | 183 | 4,699 |
| 22 substation | 24,293 | 38 | 181 | 13 | 21 | 215 | 215 | | 215 |
| 22 transmission | 71,128 | 155 | 516 | 33 | 61 | 610 | 610 | 47 | 563 |
| 25 | 51,700 | 2,543 | 662 | 26 | 55 | 743 | | | |
| Total Primary | 1,388,931 | 5,535 | 26,062 | 1,967 | 2,893 | 30,922 | 30,179 | 507 | 29,672 |
| 04 | 20,398 | | 2,528 | 300 | 346 | 3,174 | | | |
| 05 | 3,467 | | 282 | 30 | 40 | 352 | | | |
| 16 | 15,267 | | 1,332 | 146 | 180 | 1,658 | | | |
| Total Lighting | 39,132 | | 4,142 | 476 | 566 | 5,184 | | | |
| Total Public Authority | 107,621 | 195 | 1,964 | 0 | 0 | 1,964 | | | |
| Total Billed | 4,235,953 | 9,044 | 186,727 | 5,565 | 15,129 | 207,421 | 199,530 | 581 | 198,949 |
| Total Unbilled | 7,343 | | 397 | | | 767 | 767 | | 767 |
| Grand Total | 4,243,296 | 9,044 | 187,124 | 5,565 | 15,129 | 208,188 | 200,297 | 581 | 199,716 |

Column (1) as shown in Appendix B of the Joint Proposal, Page 2 of 3
Column (3) as shown on Exhibit 14 (Revised)
Column (4) is the pricing of the rate year 1 non-competitive rate increase applied to rate year 2
Column (5) is the pricing of the rate year 2 non-competitive rate increase consistent with the $15,113,828 shown on Exhibit 1, Schedule 2, Page 4 of 4 of the Statement in Support
Column (6) = Column (3) + Column (4) + Column (5)
Column (7) excludes SC 25, Lighting and Contract Customers (PA) as per Appendix E of the Joint Proposal
Column (8) is the T&D revenue related to the customers taking service under Riders G, H and J which is excluded from the RDM as per Appendix E of the Joint Proposal

**ORANGE & ROCKLAND ELECTRIC**
**ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATION**
**FORECASTED 12 MONTHS ENDING JUNE 30, 2011**

| | | | REVENUES ($000s) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| SC NO. | Volumes (Thousands KWHR) | Sum of Monthly Billable Demand (MW) | T&D Revenues at June 2008 | Non-Competitive Rate Increase-RY1 | Non-Competitive Rate Increase-RY2 | Non-Competitve Rate Increase-RY3 | Temporary ECA Surcharge | T&D Revenues with Rate Increase | T&D Revenues with Rate Increase for RDM classes only | T&D Revenues from customers under Riders G, H and J | **RDM Revenue Targets** |
| | (Column 1) | (Column 2) | (Column 3) | (Column 4) | (Column 5) | (Column 6) | (Column 7) | (Column 8) | (Column 9) | (Column 10) | (Column 11) |
| 1 | 1,661,096 | | 101,940 | 3,287 | 8,272 | 3,234 | 5,374 | 122,107 | 122,107 | | 122,107 |
| 19 | 107,147 | | 5,620 | 235 | 484 | 202 | 300 | 6,841 | 6,841 | | 6,841 |
| Total Residential | 1,768,243 | | 107,560 | 3,522 | 8,756 | 3,436 | 5,674 | 128,948 | 128,948 | | 128,948 |
| 2 | 931,466 | 3,238 | 47,236 | (364) | 2,942 | 624 | 2,342 | 52,780 | 52,780 | 79 | 52,701 |
| 20 | 43,242 | 107 | 1,428 | 12 | 99 | 31 | 73 | 1,643 | 1,643 | | 1,643 |
| Total Secondary | 974,708 | 3,345 | 48,664 | (352) | 3,041 | 655 | 2,415 | 54,423 | 54,423 | 79 | 54,344 |
| 2 | 28,637 | 92 | 1,109 | (11) | 64 | 13 | 72 | 1,247 | 1,247 | | 1,247 |
| 3 | 403,442 | 995 | 9,139 | 895 | 1,199 | 450 | 532 | 12,215 | 12,215 | | 12,215 |
| 9 | 296,884 | 706 | 6,576 | 489 | 670 | 310 | 312 | 8,357 | 8,357 | 301 | 8,056 |
| 9 substation | 119,409 | 196 | 1,345 | 99 | 141 | 65 | 125 | 1,775 | 1,775 | | 1,775 |
| 9 transmission | 9,017 | 18 | 72 | 2 | 5 | 2 | 9 | 90 | 90 | | 90 |
| 21 | 107,747 | 233 | 2,174 | 145 | 228 | 102 | 121 | 2,770 | 2,770 | | 2,770 |
| 22 | 271,320 | 550 | 4,144 | 267 | 430 | 189 | 198 | 5,228 | 5,228 | 196 | 5,032 |
| 22 substation | 24,177 | 39 | 186 | 15 | 21 | 13 | 18 | 253 | 253 | | 253 |
| 22 transmission | 70,814 | 153 | 510 | 32 | 60 | 23 | 52 | 677 | 677 | 53 | 624 |
| 25 | 52,200 | 2,562 | 665 | 27 | 56 | 25 | 35 | 808 | | | |
| Total Primary | 1,383,647 | 5,544 | 25,920 | 1,960 | 2,874 | 1,192 | 1,474 | 33,420 | 32,612 | 550 | 32,062 |
| 04 | 20,559 | | 2,526 | 299 | 344 | 129 | 150 | 3,448 | | | |
| 05 | 3,495 | | 284 | 30 | 40 | 16 | 17 | 387 | | | |
| 16 | 15,389 | | 1,332 | 145 | 179 | 64 | 78 | 1,798 | | | |
| Total Lighting | 39,443 | | 4,142 | 474 | 563 | 209 | 245 | 5,633 | | | |
| Total Public Authority | 109,709 | 196 | 1,980 | | | | | 1,980 | | | |
| Total Billed | 4,275,750 | 9,085 | 188,266 | 5,604 | 15,234 | 5,492 | 9,808 | 224,404 | 215,983 | 629 | 215,354 |
| Total Unbilled | 41,471 | | 1,796 | | | | | 2,153 | 2,153 | | 2,153 |
| Grand Total | 4,317,221 | 9,085 | 190,062 | 5,604 | 15,234 | 5,492 | 9,808 | 226,557 | 218,136 | 629 | 217,507 |

Column (1) as shown in Appendix B of the Joint Proposal, Page 3 of 3
Column (3) as shown on Exhibit 14 (Revised)
Column (4) is the pricing of the rate year 1 non-competitive rate increase applied to rate year 3
Column (5) is the pricing of the rate year 2 non-competitive rate increase applied to rate year 3
Column (6) is the pricing of the rate year 3 non-competitive rate increase consistent with the $5,492,680 shown on Exhibit 1, Schedule 3, Page 4 of 5 of the Statement in Support
Column (7) as shown on Exhibit 1, Schedule 3, Page 5 of 5 in the Statement in Support
Column (8) = Column (3) + Column (4) + Column (5) + Column (6) + Column (7)
Column (9) excludes SC 25, Lighting and Contract Customers (PA) as per Appendix E of the Joint Proposal
Column (10) is the T&D revenue related to the customers taking service under Riders G, H and J which is excluded from the RDM as per Appendix E of the Joint Proposal

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Amendments to Schedule P.S.C. No. 2 – Electricity

Original Leaves Nos. 21G-1, 23Z-3-1, 23Z-3-2, 23Z-3-3, 23Z-3-4, 89A, 92A, 95A, 99A, 128A
First Revised Leaves Nos. 27C, 29B
Second Revised Leaves Nos. 5D, 16W, 21F, 23Y-1, 23Z-2, 80, 126, 127
Third Revised Leaves Nos. 13, 16F-4, 16J, 16K, 16L, 77A, 78, 99, 128
Fourth Revised Leaves Nos. 15D, 23Z-3, 30, 32B, 74, 114
Fifth Revised Leaves Nos. 33A, 36, 38, 79
Sixth Revised Leaf No. 100
Seventh Revised Leaves Nos. 5C, 23Y, 23Z-1, 98
Ninth Revised Leaf No. 95
Tenth Revised Leaf No. 49A
Eleventh Revised Leaves Nos. 25B, 29A
Twelfth Revised Leaf No. 16G
Thirteenth Revised Leaves Nos. 71, 72
Fourteenth Revised Leaves Nos. 21, 32A, 33, 49, 77, 92
Fifteenth Revised Leaf No. 94
Eighteenth Revised Leaves Nos. 48A, 75
Nineteenth Revised Leaves Nos. 21G, 70, 76, 91
Twenty-Second Revised Leaf No. 6
Twenty-Third Revised Leaves Nos. 27B, 48, 89
Twenty-Fifth Revised Leaf No. 25C
Twenty-Eighth Revised Leaf No. 29
Twenty-Ninth Revised Leaf No. 88
Thirty-First Revised Leaf No. 32
Thirty-Third Revised Leaves Nos. 25A, 47
Thirty-Fourth Revised Leaf No. 37
Thirty-Seventh Revised Leaf No. 27A
Forty-Second Revised Leaf No. 28
Forty-Seventh Revised Leaf No. 27
Sixth-Third Revised Leaf No. 26
Sixty-Ninth Revised Leaf No. 25
Seventy-First Revised Leaf No. 24

Supplement Nos. 182, 183, 184