



**Proposed Electric and Gas Rate Increases
Orange and Rockland Utilities, Inc.
Cases 14-E-0493 & 14-G-0494**

On November 14, 2014, Orange and Rockland Utilities, Inc. (O&R), formally asked the New York State Public Service Commission (Commission) to approve increases in revenues (the total amount collected from customers through the rates they pay) for electric and gas delivery service.

On June 5, 2015, a Joint Proposal (JP) was filed by Department of Public Service (DPS) Staff, O&R, and other parties. The JP proposes a two-year rate plan for electric service to become effective November 1, 2015, and continuing through October 31, 2017, and a three-year rate plan for gas service to become effective November 1, 2015 and continuing through October 31, 2018.

Two Administrative Law Judges are presiding over the gathering of public comments and all evidence relating to the proposal. The JP and public comments will be presented to the Commission for consideration. The Commission may adopt or reject the terms of the JP in whole or in part.

Public Statement Hearings

The Commission will hold four public statement hearings to seek public comment on the JP. Interested members of the public are invited to attend and provide their comments regarding the proposed rate increases. Please join us at the following locations:

Date: June 30, 2015
Time: 4:00 pm and 7:00 pm
Location: Orange Co Emergency
Services Center, Auditorium
22 Wells Farm Road
Goshen, N.Y 10924

Date: July 1, 2015
Time: 4:00 pm and 7:00 pm
Location: Ramapo Town Hall
Council Chambers
237 Route 59
Suffern, NY 10901

It is not necessary to be present at the start of the hearings, or make an appointment in advance, or present written material in order to speak at the hearings. All comments given at the hearings will be transcribed and become part of the Commission's formal record. The hearings will remain open until everyone wishing to speak has been heard or other reasonable arrangements have been made.

Disabled persons requiring special accommodations may place a collect call to the Department of Public Service's (DPS) Human Resources Management Office at 518-474-2520. TDD users may request a sign language interpreter by placing a call through the New York Relay Service at 711 to reach the DPS's Human Resources Office at the previously mentioned number. If you have difficulty understanding English, please call the DPS at 1-800-342-3377 for free language assistance services.

Rate Case Negotiations

As part of the ratemaking process, a utility will file a request with DPS for a rate increase. The request includes the proposed rates and supporting documentation justifying the Company's proposal.

In its initial filing, O&R requested to increase its electric delivery revenues by \$33.4 million and its natural gas delivery revenues by \$40.7 million. These proposed increases would have resulted in total bill increases of 5.2% and 16.8% for an average electric and gas residential customer, respectively. According to O&R, the principal drivers of its proposed electric rate increase included costs associated with new infrastructure investment, increased local property taxes and the recovery of costs due to emergency rebuilding, repair and system restoration resulting from Superstorm Sandy. The gas rate request was driven largely by two components - increased local property taxes and additional gas infrastructure investment, much of that related to its current gas infrastructure replacement program which improves the safety and efficiency of the gas system.

DPS assembled a team of experts, including lawyers, financial analysts, engineers, auditors and consumer service specialists to analyze the filing. The investigation involved a close examination of O&R's supporting documentation and input presented by other parties in the case, including the New York State Department of State's Utility Intervention Unit, the Sabin Center for Climate Change at Columbia Law School, the Pace Energy and Climate Center, the Retail Energy Supply Association, and the United States Department of Defense and all other Federal Executive Agencies. On June 5, 2015, DPS, O&R and the other parties in the cases submitted a negotiated JP for new electric and gas rate plans.

Summary of Joint Proposal

Under the JP, a set of terms and conditions were developed for a two-year rate plan for electric service and a three-year rate plan for gas service. Both plans are to become effective November 1, 2015. The electric plan continues through October 31, 2017 and the gas plan continues through October 31, 2018.

Electric Rates:

The chart below summarizes the proposed rate increases, delivery rate impacts and (assuming commodity prices remain the same) total bill impacts for electric customers:

	Base Rate Increase	Delivery Rate Increase	Total Bill Increase
Rate Year 1	\$9.3 million	3.2%	1.5%
Rate Year 2	\$8.8 million	2.9%	1.4%

For a typical residential customer using an average of 677 kWh per month, the bill increase is approximately \$1.85 per month during the first rate year and approximately \$2.42 per month in the second rate year. There will be no increase to the residential customer charge.



Gas Rates:

The proposed rate increases are listed in the following chart. In addition, the JP provides for the phasing in of the rate increase so the impacts are levelized across the three years. This reduces the increase that otherwise would have been required for Rate Year 1. The phased-in option is also included in the chart:

Table with 7 columns: Proposed Rate Increase (Base Rate, Delivery Rate, Total Bill) and Phased Rate Increase (Base Rate, Delivery Rate, Total Bill) for RY 1, RY 2, and RY 3.

For a typical residential heating customer using 1340 ccf annually, the bill increase is approximately \$10.63 per month in the first year, approximately \$10.78 per month in year two and approximately \$9.80 per month in year three.

Additional JP Components:

The JP also includes:

- Recovery of the funding for the Company's Pomona Distributed Energy Resources (DER) Program as part of the State's Reforming the Energy Vision initiative;
Increased LED street light options for municipalities;
Modifications to the gas safety and customer service performance mechanisms;
Modifications to the current low income assistance program including increased bill credits for customers receiving a Home Energy Assistance Program grant;
Implementation of an Advanced Metering Infrastructure (AMI) system;
Gas network enhancement programs to encourage gas expansion in O&R's service territory;
Improvements to the Company's training program for volunteer firefighter first responders regarding gas-related emergencies; and,
Administration of a workforce development program to train future gas utility workers

The O&R filing, the JP and other materials pertaining to this case can be obtained from the Commission's website, www.dps.ny.gov, by clicking on "Search" on the homepage and entering "14-E-0493" or "14-G-0494" in the "Search by Case Number" field.

How to Participate in the Case

Comments may be submitted at the public statement hearings to be held on June 30 and July 1, 2015 or through the methods below:

- **Via the Internet or In Writing:** Public comments may be submitted electronically to Hon. Kathleen H. Burgess, Secretary, at secretary@dps.ny.gov, or by mail or delivery to, Secretary Burgess at the Department of Public Service, Three Empire State Plaza, and Albany, New York 12223-1350. Comments should refer to “Case 14-E-0493” or “14-G-0494”.

Comments may also be entered directly at the webpage for the cases. In the open case, select the “Post Comments” tab located at the top of the page. Many libraries offer free internet service.

- **Toll-Free Opinion Line:** Individuals may choose to submit comments by calling the Commission’s toll-free Opinion Line at 1-800-335-2120. This line is set up to receive comments on pending cases from in-state callers, 24-hours a day. These calls are not transcribed but a summary is provided to the administrative law judges who will report to the Commission. Callers should press “1” to leave comments and should refer to “O&R Rate Case: Case 14-E-0493” or “14-G-0494”.

All comments provided through these methods should be submitted no later than September 11, 2015. All comments received through the hearings or the methods listed above will become part of the record considered by the Commission.

Next Steps

The Commission will formally consider the case at one or more regularly scheduled public meetings. Following its discussion and deliberations at such meetings, the Commission will issue a written order.