

Staff Bond Yield Analysis and Credit Quality Adjustment

Moody's Long-Term Corporate Bond Yield Averages (Seasoned Utility Bonds, 20Yr +)

Month	Aa	A	Baa
June	6.18%	6.30%	6.54%
July	6.11%	6.25%	6.49%
August	6.11%	6.24%	6.51%
September	6.10%	6.18%	6.45%
October	6.04%	6.11%	6.36%
November	5.87%	5.97%	6.27%
6 Mo. Avg:	6.07%	6.18%	6.44%

Avg Spread

<u>Aa vs A</u>	<u>A vs Baa</u>
0.11%	0.26%

Rating Scales		6 Mo Avg Yield
Moody's	S&P	
Aaa1	AAA+	
Aaa2	AAA	
Aaa3	AAA-	
Aa1	AA+	
Aa2	AA	6.07%
Aa3	AA-	6.10%
A1	A+	6.14%
A2	A	6.18%
A3	A-	6.26%
Baa1	BBB+	6.35%
Baa2	BBB	6.44%
Baa3	BBB-	<u>-0.20%</u>

Implied Yields For:
Orange and Rockland

Proxy group

**Implied Credit Quality Adjustment
for O&R Debt Holders**

Orange and Rockland is rated "A2" and Stable by Moody's
Orange and Rockland is rated "A" with a "Negative Outlook" by S&P
Proxy Group average bond ratings calculated on FP-7

Ratio of O&R debt cost to Proxy Group
debt cost: 96.87%

Proxy Group Cost of Equity 9.12%

Ratio of Proxy Group Cost of Equity to
Proxy Group debt cost: 147.69%

**Implied Credit Quality Adjustment
for O&R Common Equity Investors: -0.29%**