



## Public Service Commission

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Audrey Zibelman, Chair

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**15076/14-E-0493;14-G-0323**

### **New Electric & Gas Rates Set for Orange & Rockland Customers**

#### **— New Rates Support Advanced Metering and Energy Efficiency Programs While Increasing Assistance for Low-Income Customers —**

**ALBANY** — The New York State Public Service Commission (Commission) today adopted a joint proposal that called for granting roughly half of the one-year, \$33.9 million rate increase sought by Orange and Rockland Utilities, Inc. (O&R) for its electric delivery charges, while the company's request for a one-year \$44.2 million increase in gas rates will be reduced to \$16.4 million in the first year with the rest spread out over the following two years.

In its decision, the Commission also approved:

- increased monthly credits for low-income customers;
- new technology to reduce power demands;
- a larger rebate for residential customers switching to natural gas; and,
- a training program for future utility workers.

“The joint proposal adopted today cuts significantly the first-year rate increase originally sought by Orange and Rockland,” said Commission Chair Audrey Zibelman. “The adopted joint proposal recognizes the company's increased costs, and provides for investments in reliability improvements, energy efficiency, low-income assistance, and workforce training.”

The new rate plan includes implementation of a new advanced metering system that will increase energy efficiency and lower customer bills. For O&R customers, this new metering system can reduce operating costs, identify and repair customer outages more quickly and improve O&R's overall efficiency. The company plans to begin the project in Rockland County.

The new rate plan also includes changes in line with Reforming the Energy Vision (REV), Governor Andrew M. Cuomo's plan to build a clean, resilient and affordable energy system for all New Yorkers. Under this comprehensive plan, utilities are encouraged to forgo expensive investments in substations and other traditional power equipment and, instead, create systems that reduce power demands on their systems. In the case of O&R, the utility will be directed to work with local stakeholders to further the development of a demand-reducing technology project in the Village of Pomona, Rockland County.

Using battery-storage technology and other clean technologies, the Pomona project will relieve peak electricity demands, including the power needs of commercial and industrial customers, easing costs for all customers. With this program in place, O&R can delay the construction of a new substation, as well as 138 kV underground transmission line loop – projects that would cost more than \$55 million – for approximately four years. The Pomona project is expected to save customers about \$1.7 million.

The Commission's order will also increase monthly credits for customers in O&R's low-income assistance program, providing a discount of approximately 12 percent on the average bills of heating and non-heating low-income customers. For electric-heating customers, the monthly discount will increase from \$17.40 to \$27, while electric non-heating would increase from \$9 to \$18. For gas heating customers, it would increase from \$11.63 to \$17. Meanwhile, Gas customers who do not heat their homes with gas, would see a credit decrease from \$11.63 to \$6 per month.

The new rate plan includes a natural gas network enhancement program. Among other features, the enhancement program would increase the residential conversion rebate, from \$500 to \$1,000, for customers converting to natural gas before June 30, 2016, 2017, and 2018, respectively, and continuing each year until the Commission resets the company's base gas rates.

O&R will work with local community colleges and other qualified organizations to provide training for future utility workers. This, in turn will provide the workforce needed going forward to enhance gas safety. Total funding for the program over a three-year period is \$500,000.

O&R cited several cost increases in its rate request, including a rise in property taxes since 2009 and a total of \$57 million for emergency rebuilding and repairs following Superstorm Sandy. Other capital improvements are planned, according to the company, to harden energy delivery systems through new construction projects designed to reduce potential damage from future storms, and new technology to provide more accurate and timely communications to its customers during major storms.

For electric service, the total rate increase over the next two years is \$18.1 million (\$9.3 million the first year; \$8.8 million the second year), lower than the \$33.9 million requested by O&R in its updated one-year proposal. For the typical residential electric customer, the new plan will increase costs by \$1.85 per month in the first year followed by an increase of \$2.42 per month the following year.

The company filed an updated request of \$44.2 million in gas delivery revenues in a one-year proposal. Instead, delivery revenues will increase by \$16.4 million each year over a three year rate plan. For the typical gas heating customer, their bill would initially increase by \$10.63 per month with increases of \$10.78 per month and \$9.80 per month the following two years.

Signatories of the joint proposal included the company, Department of Public Service staff, the Sabin Center for Climate Change at Columbia Law School, the Pace Energy and Climate Center, the Retail Energy Supply Association and the Utility Intervention Unit of New York State's Division of Consumer Protection.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Numbers 14-E-0493 or 14-G-0323 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet

access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.