

STATE OF NEW YORK

Public Service Commission

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PSC ADOPTS 3-YEAR ELECTRIC RATE PLAN FOR O&R

— **Rates Rise Due to Increased Cost to Provide Safe & Adequate Service** —

Albany, NY—06/14/12—The New York State Public Service Commission (Commission) today adopted a Joint Proposal for a three-year rate plan for Orange and Rockland Utilities, Inc.'s (O&R) electric delivery service. The rate plan will be in effect during the period July 1, 2012 through June 30, 2015. Throughout the proceeding, public comments were received in letters, e-mails, telephone calls, and oral presentations at two public statement hearings held in Goshen and Ramapo.

The three-year rate plan authorizes O&R to increase base electric delivery revenues by approximately \$15.2 million for each of the three rate years on a levelized basis, or an average annual increase of 5.8 percent. The company contends the increases in revenue requirement are largely driven by capital additions, increases in the return on equity, property taxes, labor costs, and costs associated with storms in late summer and early fall last year.

The base delivery rate changes approved today include increases in the monthly customer charge for residential customers in rate year one from \$15.60 to \$18.00 starting July 1, 2012, to \$19 starting July 1, 2013, and \$20 starting in July 1, 2014.

The rate plan provides for an average 9.5 percent return on equity which is substantially lower than the 11.25 percent requested by the company, but is consistent with investor expectations given recent Commission decisions. Additionally, under an earnings sharing mechanism, a

portion of O&R's earnings will be credited to ratepayers when the company's earned return on equity exceeds defined levels per rate year.

Under the rate plan, starting July 1, 2012 low-income heating customers would receive monthly discounts of \$17.40, an increase of \$2.40 from previous levels. In addition, at the beginning of the rate plan, monthly discounts of \$7 for low-income non-heating customers will be increased by \$1 on July 1, 2013 and July 1, 2014. The existing waiver of fees for reconnection of service and reporting requirements would continue for the term of the rate plan.

Additionally, by March 10 of each rate year the company will send a letter to all its low-income customers soliciting their consent to be referred to the New York State Energy Research and Development Authority (NYSERDA) for participation in NYSERDA's EmPower-NY program which helps customers improve the energy efficiency of their homes.

The Commission's decision, when issued, may be obtained from the Commission's www.dps.ny.gov Web site by accessing the Search section of the homepage and referencing Case 11-E-0408. Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).