

STATE OF NEW YORK

# Public Service Commission

Garry A. Brown, Chairman

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## **NEW THREE-YEAR RATE PLAN FOR O&R GAS SERVICE — Commission Recognizes Trying Financial Times, Seeks Proper Rate Balance —**

Albany, NY—10/15/09—The New York State Public Service Commission (Commission) today established a three-year rate plan that increases gas service delivery rates by \$8.964 million per year in November 2009, November 2010, and November 2011 for Orange and Rockland Utilities, Inc. (O&R).

“We are always concerned about the impacts on ratepayers of any rate increase, but today’s decision was especially difficult,” said Commission Chairman Garry Brown. “The public comments in this case plainly demonstrated the financial distress consumers, businesses, not-for-profit organizations, and local governments are experiencing, and the need for stable delivery rates. Our decision strikes a balance between ratepayers’ interests and maintaining a viable system.”

Chairman Brown continued: “In recognition of these difficult times, we have decided to evenly spread out the collection of the additional revenue requirements over the three years of the rate plan to moderate the first year rate impact. In this way, a portion of the rate impact will be postponed and time will be provided for the economy to improve before customers pay the higher amounts.”

With respect to residential customers, the need for an increase in delivery revenues results in a change in the basic charge for up to 3 Ccf of natural gas service from \$14.00 to \$15.40 in November of this year; to \$16.94 in November of 2010; and to \$18.63 in November 2011.

Under the rate plan, the existing low-income customer program is enhanced. Customers receiving Home Energy Assistance Program (HEAP) grants will receive a monthly bill credit of \$8.40 during the first rate year; \$9.94 during the second rate year; and \$11.63 in the third year.

The company will waive reconnection fees for gas customers who receive HEAP grants. Also, the company will inform low-income customers about the energy efficiency opportunities available under the New York State Energy Research and Development's (NYSERDA) EmPower-NY Program authorized by the Commission.

The Commission continued the customer service and gas safety performance standards for O&R. To enforce the company's commitment to meet the performance standards, the company's revenues will be subject to monetary adjustments should it miss any of the annual performance goals established by the Commission.

Earlier this year, the Commission required major electric and gas utilities in the State to adopt and apply austerity measures to their operations given the severe economic downturn. In response, O&R kept its capital expenditures down and reflected additional productivity without adversely affecting safe and adequate service.

The company also implemented other austerity measures and will reduce the number of new employee positions during the three-year rate plan. Lastly, the Commission authorized a return on equity of 10.4 percent, as well as a sharing mechanism between ratepayers and the company for any excess earnings.

The rate plan authorized today is a result of Joint Proposal submitted for consideration by Staff of the Department of Public Service, the State of New York Consumer Protection Board, USG Corporation, the Small Customer Marketer Coalition, and O&R.

The Commission's decision, when issued, may be obtained by going to the Commission's [www.dps.state.ny.us](http://www.dps.state.ny.us) Web site, entering the Documents section and inputting Case 08-G-1398 in the box labeled "Search for Case/Matter Number." Many public libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14<sup>th</sup> floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).