

Orange and Rockland Utilities, Inc.
Fact Sheet for Gas Rate Case 05-G-1494
Effective November 1, 2006

The New York State Public Service Commission approved a new Rate Plan for Gas Operations on October 20, 2006. The Rate Plan covers the three-year period November 2006 through October 2009.

Highlights:

- Rate increases to be recognized in earnings by Year:
 - Rate Year 1 - \$12.0 million
 - Rate Year 2 - 0.7 million
 - Rate Year 3 - 1.1 million
- Rate increased to be billed to customers (Phase-In):
 - Rate Year 1 - \$6.5 million
 - Rate Year 2 - 6.5 million
 - Rate Year 3 - 6.3 million
- Rate base in this agreement is:
 - Rate Year 1 - \$235 million
 - Rate Year 2 - \$242 million
 - Rate Year 3 - \$251 million
- Earnings improvement resulting from new rate relief, credits and the phase-in of rate relief from prior rate plan
- Earnings sharing begins at 11% ROE
 - 50/50 between 11% and 12% with deferrals limited to 50%
 - 65/35 customer/shareholder between 12 and 14%
 - 100% customer above 14%
- 9.8% ROE used to compute revenue requirement
- Equity ratio used in earnings calculation will be actual equity ratio, with a cap of 50%
- True-up reconciliations:
 - Pensions and OPEBs
 - Property Taxes (100% of tax rate, 90% of change in assessment)
 - Environmental Remediation
- Provides for higher depreciation rates
- Potential penalties of \$1.2 million geared toward gas safety and customer service
- New Gas Economic Development Pilot Program
- Non-Firm Revenue Imputation
 - Base rate imputation lowered from \$6.75 million to \$4.45 million
 - Certain Non-Firm Revenues moved to Gas Supply Charge
 - Capacity Release
 - Off System Sales
 - 80/20 customer/shareholder sharing of net profits above and below target
- Customer Programs
 - Low Income Program Enhancements (HEAP Eligible Customers)
 - Monthly credit raised from \$5 to \$7
 - Funding increased from \$225,000 to \$475,000
 - Retail Access (Deemphasized Utility's Role)
 - Eliminated Migration Incentive