



New York Public Service Commission Approves O&R Electric And Gas Rate Plans; Infrastructure Improvements Key To Economic Growth

October 22, 2003

PEARL RIVER, NY October 22, 2003 - The New York Public Service Commission today approved rate plans for Orange and Rockland Utilities, Inc.'s electric and natural gas delivery rates. The rate plans, covering the three-year period ending October 2006, set delivery rate levels for the Company's New York energy delivery services.

O&R's President and Chief Executive Officer John McMahon said, "A strong utility infrastructure is key to the area's continued economic growth. Our Company is investing more than \$80 million systemwide annually to renew and strengthen the energy delivery infrastructure. The rate plans are important to our efforts to sustain and promote the service reliability that is so important to our customers and our service territory."

O&R's electric energy delivery rates, which have not increased since early 1993, will remain at current levels until at least 2006.

O&R's electric delivery system serves over 280,000 customers in New York, New Jersey and Pennsylvania. The Company's electric system features nearly 170,000 overhead services, 15,000 miles of overhead conductor attached to over 165,000 poles and almost 1,000 towers. O&R also maintains an underground electric delivery system that consists of over 1,300 miles of conductor and almost 44,000 services. The overhead and underground systems combined operate over 66,000 transformers and 73 substations.

O&R intends to invest \$108 million in electric system upgrades in New York over the three-year rate period - \$21 million in transmission system improvements alone, to support its residential and commercial customers' growing energy needs.

The gas rate plan calls for a 5.8 percent gas rate increase in the first year, beginning November 1, with additional increases phased in over the next two years. This is O&R's first natural gas delivery rate increase since 1992, while the rate of inflation during the same period was 28 percent.

McMahon said, "Strong and continued emphasis on cost controls is an ongoing priority for our Company. We had not increased delivery rates in over a decade, and the new rates reflect the need to continue to strengthen our gas system as well as protect the public with important gas safety programs."

O&R has invested over \$130 million in gas infrastructure improvements during the past decade. Approximately 1,500 new residential, commercial and industrial gas customers joined the system on average per year during that period, for an annual customer growth rate of 1.3 percent.

Among the projects undertaken is the replacement of old two-inch steel gas mains with corrosion-resistant plastic pipe. Since 1997, approximately 500,000 feet of this new pipe - enough to stretch from Rockland County to Albany - has been installed. Additionally, a replacement program for three-inch and four-inch steel pipes is underway, as well as upgrades to approximately 10 percent of the 109,400 older unprotected steel service pipes that run from the gas mains to individual buildings. These efforts have made a major contribution toward reducing the number of gas leaks in O&R's distribution system.

Those gas main replacement efforts will continue along with substantial capital projects designed to accommodate growth and further promote gas system reliability.

Among those projects are: replacement of major distribution mains linking Westtown and Warwick, and upgrading the gas infrastructure serving Middletown, Monroe and Washingtonville.

Under the rate plan, the monthly bill for a typical residential customer using 128 ccf of gas would rise from \$111.86 to \$118.38, or \$6.52 on an annualized basis, during the first year of the agreement.

O&R operates a gas delivery network in New York and Pennsylvania of about 1,761 miles. These mains and services are composed of materials that range from cast iron, installed in the early 1900s, to modern high-tech plastics.

O&R will review the final Orders adopting the rate plans when issued by the Commission.

Orange and Rockland Utilities, Inc. is a wholly owned subsidiary of Consolidated Edison, Inc. (NYSE: ED), one of the nation's largest investor-owned energy companies.