



## Building to Meet Rising Demand Prompts RECO Rate Request

July 5, 2006

PEARL RIVER, N.Y., July 5 /PRNewswire/ -- Electric system expansion and service reliability improvements driven by a growing customer base and increasing demands for electricity has prompted Rockland Electric Company (RECO) to file an electric base rate case with the New Jersey Board of Public Utilities (NJBPUB).

To provide for the continued safety, reliability and security of the 14 distribution substations, 778 miles of overhead distribution lines, 536 conductor miles of underground distribution and 69 distribution circuits and related infrastructure for the benefit of its electric customers, RECO is seeking approval of a \$13.2 million increase in electric distribution base rates, an overall 7.5 percent increase.

If this filing is approved by the NJBPUB, the bill for a typical residential electric customer using a monthly average of 925 kWh would increase overall on average \$8.53 per month, from \$126.06 to \$134.59, or a 6.8 percent increase from today's rates.

To continue to meet the needs of customers in a safe and reliable way, and to continue to provide delivery capability to meet an average annual growth of 450 new customers per year and an average annual weather-normalized load growth of 2.2 percent, RECO has invested \$53.9 million in infrastructure improvements during the past five years.

During the same period, the company has invested an additional \$1.3 million on average each year in operations and maintenance activities, from \$26.6 million in 2000 to \$33.1 million in 2005, approximately a 25 percent increase, exclusive of expenses associated with Demand Side Management and Clean Energy programs, the Universal Service Fund and the Life Line program.

To maintain the ongoing reliability, safety and security of the electric distribution system, RECO has -- or will -- initiate a number of major projects to serve the expanding needs of Bergen, Sussex and Passaic counties.

RECO has begun a \$10.5 million project that will expand electric system capacity in RECO's eastern Bergen County service territory by completely rebuilding the Cresskill substation, improving the Closter substation and upgrading the existing high voltage feeders that run between those two substations.

RECO planned the project to meet growing demand for electricity and to improve the reliability of the electric infrastructure that serves its customers. Businesses and residents in Cresskill, Demarest, Alpine, Haworth and Closter will benefit from these improvements, expected to be completed by Spring 2007.

As a further measure to enhance reliability, RECO also is proposing to purchase a spare substation-class distribution transformer that would be located in the RECO service territory. This one-time, \$1 million expenditure is to procure a spare transformer that can be used to replace any failed substation transformer on the RECO system. At present, due to increased global market demand and material and component shortages for these units, a replacement transformer would take a minimum of 12 months to procure.

Rockland Electric Company also is proposing to develop a new and innovative pilot project that couples state-of-the-art equipment design with cutting-edge technological advances in computer analysis, monitoring and control to enhance electric system reliability and service.

RECO proposes to implement its Smart Grid project at the company's newly constructed Darlington Substation in the borough of Ramsey. The Smart Grid pilot project would be implemented over a three-year period at a total cost of approximately \$5 million.

This advanced system would be capable of providing a premium level of electric service reliability by restoring customers' electric service automatically when disturbances occur and minimizing the extent of outages through expanded distribution automation.

Over the past five years, Rockland Electric Company has built a new substation in Ramsey and fortified the transmission and distribution system serving it. In addition, the company has doubled the size of the Upper Saddle River and Oakland substations, and expanded the substation serving West Milford and Ringwood. Those projects have totaled more than \$25 million.

This rate proposal includes investments to help provide RECO customers with safe, adequate and proper service at reasonable rates, while at the same time helping to provide RECO with the necessary financial security to attract the necessary capital to finance these projects at reasonable cost.

Rockland Electric has a dedicated, highly skilled and well-trained workforce that has continually met the challenges of providing customers with safe and reliable electric service. To continue the ability to retain a quality work force, this rate filing addresses RECO's wage and benefit schedules for employees, as well as pensions and benefits for retired employees, which are consistent with the industry in our region.

SOURCE Orange and Rockland Utilities, Inc.

CONTACT: Mike Donovan for Orange and Rockland Utilities, Inc., +1-845-577-2430  
/Web site: <http://www.coned.com>