

Orange and Rockland Utilities, Inc. (O&R) Electric Rate Plan – October 22, 2003

Rate Period:

- Covers the period July 2003 through October 2006

Plan Details:

- Provides for no changes to electric base rates and contains provisions for the amortization and offset of regulatory assets and liabilities, the net effect of which will reduce electric operating income by \$11 million (pre-tax) over the period covered by the agreement.
- The agreement generally requires O&R to share with customers cumulative earnings during the rate years covered by the agreements in excess of 12.75 percent per annum return on common equity for electric operations. O&R's actual return on equity may be materially different than the sharing levels. The earnings computation will be based on the common equity ratio determined in the next base rate proceeding of Con Edison's principal utility subsidiary, Con Edison of New York (the Con Edison Utility Equity Ratio).
- Continues to provide for recovery of all costs incurred by the Company in providing electric power supply on a current basis, and for deferral of changes from assumed levels in pension and other post employment benefit costs, property taxes and manufactured gas plant investigation and remediation costs.
- Provides for the reconciliation in June 2006 of actual capital expenditures from July 2003 through June 2006 with an assumed level of such expenditures, and for deferral of the related revenue requirement impact if actual expenditures are less than the assumed level or, with PSC approval, if actual expenditures are more than 5 percent above the assumed level.