



Orange and Rockland Utilities, Inc.
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June 26, 2014

Honorable Kathleen H. Burgess
Secretary of the Commission
State of New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223

RE: Case No. 09-M-0311 - Implementation of Chapter 59 of the Laws of
2009 Establishing a Temporary Annual Assessment Pursuant to
Public Service Law §18-a(6)

Dear Secretary Burgess:

Orange and Rockland Utilities, Inc. ("O&R" or the "Company") hereby submits for filing with the New York Public Service Commission (the "Commission") 7th Revised Leaf No. 113 to its Schedule for Gas Service, P.S.C No. 4 – Gas (the "Gas Tariff"). The Company is also filing with the Commission its Statement of Temporary State Assessment Surcharge, Statement No. TSAS-8. Both the Tariff leaf and the statement have an effective date of July 1, 2014.

Reason for Filing

The Commission's Order Implementing Revised Temporary State Assessment (the "2014 Order"), issued and effective June 18, 2014, in Case 09-M-0311, "Implementation of Chapter 59 of the Laws of 2009 Establishing a Temporary Annual Assessment Pursuant to Public Service Law §18-a(6)," implements the revised temporary state assessment. The 2014 Order authorizes the continuation of the temporary surcharge through December 31, 2017, for utilities whose estimated over-collection through June 30, 2014 (excluding the March 2014 assessment payment) is less than their expected March 2015 total assessment payment. Any remaining balance at the end of 2017 shall remain on the books of the utility until it is disposed of through a future Commission action.

Tariff Changes

The Company has revised General Information Section No. 24 of the Gas Tariff to indicate that surcharges will be assessed pursuant to the Commission's Orders dated June 19, 2009 (the "2009 Order") and June 18, 2014, in Case 09-M-0311.¹ In addition, text about how the Company may retain the prior year's surcharge to improve cash flow has been deleted, because the 2014 Order explicitly describes how prior under- and over-collections are to be included in the subsequent year's collections.

¹ The current Gas Tariff specifies the date of the 2009 Order.

Statement

Revised surcharges have been designed to collect Public Service Law ("PSL") §18-a amounts required to be collected above the amount in base rates for the State Fiscal Year 2014-2015 (April through March) inclusive of an adjustment for uncollectible expenses and working capital costs. The PSL §18-a amounts required to be collected for the 2014-2015 State Fiscal Year were allocated to each customer class based on their contribution to the Company's total 2013 gas revenues inclusive of gross receipts taxes. Revenues include both delivery and supply charges for all customer classes including estimated supply charges for retail access customers.² These amounts will be recovered for the period July 2014 through June 2015 and reflect the reduction of assessments from 2.0 to 1.63 percent for Fiscal Year 2014-2015.³

The surcharges also reconcile the difference between past period PSL §18-a amounts required to be collected and actual amounts collected. The PSL §18-a surcharges that became effective for the 12 months commencing July 1, 2013, recognized over/under collections applicable to past periods, resulting in adjusted surcharges by service class.⁴ In this filing, the Company is continuing to adjust the PSL §18a surcharges for past period over/under collection. Reconciliation amounts for past periods were determined by allocating the total of the actual PSL §18-a payments made by the Company for each State Fiscal Year, including working capital and uncollectible expense adjustments based on the actual payments derived from total gas revenues inclusive of gross receipts taxes and estimated ESCO revenues for the previous calendar year. These amounts were compared with the actual class-specific amounts collected under the surcharges that were in effect under the Gas Tariff.⁵ Any differences have been added to the 2014-2015 State Fiscal Year amounts to determine total amounts recoverable from each customer class over the July 1, 2014 through June 30, 2015 period.

The Statements filed herewith reflect the unit amounts to be collected over the 12 months commencing July 1, 2014.

Conclusion and Notice

As directed by Ordering Clause 1 of the 2014 Order, the Tariff amendments and Statement are being filed within ten days of the 2014 Order's issuance, to become effective on a temporary basis on July 1, 2014.⁶

Pursuant to Ordering Clause 4 of the 2014 Order, the Commission has waived the requirement for newspaper publication.

² As required by the June 2009 Order (p. 30), utilities are required to submit estimates of energy ESCO revenues used in determining the amount to be collected through the surcharges. The Company has estimated ESCO revenue, including gross receipts taxes, to be \$95,488,380 for calendar year 2013.

³ The assessments for Fiscal Years 2015-2016, 2016-2017, and 2017-2018 are 1 percent, 0.73 percent, and .365 percent, respectively.

⁴ The Commission's Order issued May 16, 2013, in Case No. 09-M-0311, approved tariff changes to allow the Company to reduce collections in the subsequent year if warranted by lower prior period revenues or a large over-collected balance.

⁵ June 2014 collections have been estimated and will be trued up in next year's Temporary Annual Assessment surcharge. This year's surcharge reflects the true-up of June 2013 collections which were estimated last year.

⁶ No tariff changes were required to implement the requirement in Ordering Clause 1 of the 2014 Order that future statements will become effective on 15 days' notice, the requirement in Ordering Clause 2 that carrying charges are to be calculated at the Company's pre-tax rate of return, or the requirement in Ordering Clause 3 that any remaining balance after the last year the surcharge is in effect is to be deferred for future disposition by the Commission. Those provisions are already tariffed.

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Questions regarding this filing can be directed to Cheryl Ruggiero at (212) 460-3189.

Very truly yours,

/s/

William A. Atzl, Jr.

Director – Rate Engineering