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Orange & Rockland
a conEdison, inc. company

January 26, 2024

VIA ELECTRONIC MAIL
Honorable Michelle Phillips
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Orange and Rockland Utilities, Inc.'s Electric and Gas Base Rate Filings

Dear Secretary Phillips:

Orange and Rockland Utilities, Inc. ("Orange and Rockland" or the "Company") submits these rate filings to propose new rate plans to begin in January 2025 for electric and gas service provided in its service territory. These filings will provide the Company with the necessary funding to make investments supporting its statutory obligations and the State's clean energy goals. The Company's proposed investments will: (1) maintain safe and reliable electric and gas systems while meeting the energy needs of a growing service territory; (2) build energy infrastructure necessary to achieve the State's energy goals, meet customer electrification needs, and improve resilience in the face of severe weather and climate change; as well as continue programs that empower our customers to meet their clean energy goals; and (3) enhance the customer experience, broaden customer outreach and education, and assist our most vulnerable customers, and (4) invest in cybersecurity efforts to secure our networks and systems, particularly those dealing with our customers' personally identifiable information.

This investment plan will help the Company's ability to transition to a clean energy future equitably and efficiently so all our customers can share in the benefits of a more sustainable electric grid. With a record of investing in our core infrastructure, enhancing the customer experience, supporting the growth of clean energy and delivering on-time, on-budget infrastructure investments, and reliable power to our customers Orange and Rockland looks forward to working with stakeholders on this investment plan which will facilitate continued reliable service while supporting the State's energy policies.

Electric Service

The Company seeks an increase in revenues for electric delivery of approximately $18.1 million (including gross receipts tax), resulting in an overall customer bill increase

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of approximately 3.7 percent,[1] including projected supply costs.[2] For a typical 550 kWh/month residential electric customer, this will result in an average increase in the total monthly bill of approximately $8.26, or approximately 6.0 percent.[3] Appendix E shows the estimated effect on the Company's electric revenues by customer class, based on sales and revenues for the Rate Year (*i.e.*, calendar year 2025).

This filing explains the need for investments designed to enhance the Company's ability to provide safe and reliable service, including to those customers located in disadvantaged communities ("DACs"), increase resiliency investments in the face of extreme weather events, support beneficial electrification, the adoption of distributed energy resources ("DERs"), and the development of large-scale renewables and storage. The Company continues to upgrade its infrastructure to address anticipated growth consisting of the construction of multifamily homes, new large commercial and industrial facilities, data centers, and the electrification of building and transportation. This filing requests funding for six substation upgrade projects. The Company proposes to replace the CSX West Shore Structures, the Monsey 2 40MVA Banks, as well as upgrade Transmission Lines 12 and 13/131 and the transmission and substation facilities serving the West Point/Highland Falls area. In addition, the Company's storm hardening and strategic undergrounding investments, grid modernization and distribution automation projects, and expanded tree trimming and hazardous tree removal program, will help meet customers' increased expectations regarding system reliability and resiliency and faster storm restoration.

The Company proposes investments in energy storage and solar to support grid operations and make progress towards the goals of the Climate Leadership and Community Protection Act (CLCPA). In addition to expanding the Company's existing Pomona battery storage project, the Company proposes to install five battery storage systems located at O&R substations to provide grid services. The Company also will install four battery storage systems to address electric vehicle growth. O&R will implement a Solar Benefits for All Program, with 100 percent of the program's net revenue allocated to fund the Company's Energy Assistance Program. These investments will provide multiple benefits to customers, including enhancing system reliability and avoiding infrastructure costs through peak load shaving, mitigating the operational impacts of high penetrations of DERs, allowing additional hosting capacity for planned DER development, and affording direct benefits to low- and moderate-income customers and DACs.

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[1] The overall customer bill increase reflects the expiration of the temporary credit of $9.5 million that was implemented in Case 21-E-0074, as well as a pension and other post-employment benefits related credit and expense decrease of $39.5 million for the Rate Year.

[2] Electric supply costs for retail access customers are assumed to be equivalent to the forecasted electric supply costs applicable to customers taking service under the Company's full-service rates. The electric rate increase represents a delivery rate increase of approximately 7.3 percent.

[3] The average increase in a customer's monthly delivery electric bill is approximately $8.26, or 9.3 percent.

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Gas Service

The Company seeks an increase in revenues for gas delivery of approximately $14.4 million (including gross receipts tax), resulting in an overall customer bill increase of approximately 6.3 percent,[4] including projected supply costs.[5] For a typical 100 ccf/month residential gas heating customer, this will result in an average increase in the monthly bill of approximately $12.73, or approximately 8.1 percent.[6] A lower gas sales forecast accounts for $3.8 million of the requested increase. Appendix F shows the estimated effect on the Company's gas revenues by customer class, based on sales and revenues for the Rate Year.

This filing explains the Company's efforts to maintain a safe and reliable gas system, while also taking steps toward future decarbonization and reductions in gas usage in furtherance of the CLCPA's goals. The Company proposes to replace 20 miles of leak-prone bare steel and aldyl plastic pipe, which will enhance safety and decrease greenhouse gas emissions, install an additional 30,000 natural gas detectors throughout the O&R service territory, implement the Kiryas Joel Reliability Project which will benefit a DAC, upgrade gate station infrastructure to improve safety, and pursue the Pipeline Safety Management System Project. The Company also proposes to decrease the depreciation service lives of its major gas assets to better align with New York State's clean energy goals.

Customer Experience

The Company will continue its investment in customer facing technologies. Chief among these is the replacement of both the Customer and Project Management Platform and Retail Access System, as well as enhancements to the Company's Customer Care and Billing System. The Company also proposes to implement a New Business Services Training Program that will enable both new and experienced engineers and customer project managers to improve the knowledge and skills essential to supporting customer construction projects, particularly those involving emerging technologies, systems, and processes associated with clean energy projects. In addition, the Company proposes to implement a Customer Analytics Reporting and Engagement ("CARE") Program that will inform and enable stakeholder involvement in the transition to a clean energy future. The Company also seeks to enhance customer interactions by investing in the Digital Customer Experience ("DCX"), Customer Data Sharing and Analytics, Customer Data Privacy, Virtual Assistants (and Chat), and Call Center Technology Upgrades.

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[4] The overall customer bill increase reflects the expiration of the temporary credit of $4.5 million that was implemented in Case 21-G-0073.

[5] Gas supply costs for retail access customers are assumed to be equivalent to the forecasted gas supply costs applicable to customers taking service under the Company's full-service rates. The gas rate increase represents a delivery rate increase of approximately 11.0 percent.

[6] The average increase in a customer's monthly delivery gas bill is approximately $12.73, or 11.9 percent.

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Economic Support

Many of the investments for which the Company seeks funding in these rate filings, particularly for our clean energy future, will contribute to the local economies we serve. The Company's electric and gas infrastructure projects will result in additional jobs and spur economic activity both directly and indirectly. These projects will accordingly aid the O&R service territory in its recovery from the economic repercussions of the COVID-19 pandemic.

The Company will continue its Low-Income Bill Discount Program with certain modifications to the tiered benefit levels and will continue to engage and support the Commission's review of the Energy Affordability Program to protect the Company's most economically vulnerable customers.

Finally, the Company has included a 10.25% return on equity ("ROE") in both its gas and electric rate filings. This ROE figure is the low-end of the 10.25-10.75% range recommended by the Company's ROE witness. The Company also has included a capital structure with an equity ratio of 50%. Such an allowed equity ratio will help customers by stabilizing the Company's credit ratings through additional needed cash flow and by providing a positive signal to the rating agencies that the Commission is willing to support the Company's credit, resulting in more cost-effective access to capital. Moreover, this ROE and capital structure will provide the Company with the financial wherewithal to benefit customers by continuing to provide safe and reliable service and implement the clean energy transformation.

Proposed Rate Term

While these rate filings propose one-year rate plans for electric and gas service, we intend to explore multi-year rate plans in settlement discussions with Staff of the Department of Public Service ("Staff") and interested parties. Multi-year rate plans benefit customers by providing certainty as to the level of the Company's delivery rates over a number of years. Multi-year rate plans also facilitate implementation of the Company's projects and programs that are detailed in the rate filings. For this filing, the Company would be willing to consider a multi-year settlement that takes the current economic conditions into account.

Information Accompanying These Rate Filings

The proposed rate plans require increases to charges for electric and gas service and revisions to other provisions of the Company's Schedule for Electric Service, P.S.C. No. 3 – Electricity ("Electric Tariff") and its Schedule for Gas Service, P.S.C. No. 4 – Gas ("Gas Tariff"). Revised Tariff leaves, descriptions of changes, and revenue impacts are provided in the following appendices to this letter:

Appendix A – List of Electric Tariff Leaves
Appendix B – List of Gas Tariff Leaves
Appendix C – Description of Electric Tariff Revisions

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Appendix D – Description of Gas Tariff Revisions
Appendix E – Electric Revenue Impacts
Appendix F – Gas Revenue Impacts
Appendix G – Typical Residential Customer Bill Impacts

The tariff leaves are issued as of January 26, 2024, to become effective on March 3, 2024. The Company's expectation is that the Commission will issue appropriate orders suspending the effective date of the tariff leaves through December 31, 2024, and that the proposed electric and gas rates will become effective on January 1, 2025.

Pursuant to the Commission's procedures, the prepared written testimony and exhibits, which comprise the Company's direct case in support of these rate filings, are being filed electronically with the Commission.

Notice

The Company has included a draft Notice of Proposed Rulemaking in the form required by the State Administrative Procedure Act and the Commission's form regarding consent to receive electronic-only service of Commission orders. In accordance with 16 NYCRR 720-8.1, the Company will provide for public notice of the changes proposed in these filings by means of newspaper publication once a week for four consecutive weeks prior to March 1, 2024. Proof of publication will be submitted upon completion. In addition, the Company will issue appropriate bill inserts in accordance with 16 NYCRR 720-9.1.

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Conclusion

The Tariff leaves, testimony and exhibits submitted with these filings explain the reasons for and nature of the proposed changes and establish the reasons for the rate changes requested by the Company. As noted above, the Company will pursue discussions with Staff and other interested parties to the proceedings established by the Commission to consider these filings in an effort to reach agreement on the issues presented and to develop a multi-year rate plan for each of the Company's services.

The Company respectfully requests that, in the absence of agreement of the parties, the Commission approve the changes to become effective on and as of January 1, 2025.

Very truly yours,

ORANGE AND ROCKLAND UTILITIES, INC.

Robert Sanchez
President and Chief Executive Officer

c: Parties to Cases 21-E-0074 and 21-G-0073 (via electronic mail)

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Appendix A

ORANGE AND ROCKLAND UTILITIES, INC.

PSC No. 3 - ELECTRICITY: List of Revised Tariff Leaves

Leaf No.	Revision No.	Superseding Revision No.	Leaf No.	Revision No.	Superseding Revision No.
4	15	14	274	16	15
5	10	9	276	19	16
89	21	20	276.1	6	3
90	6	5	283	17	16
108	5	4	283.1	6	5
148.1	6	5	284	16	15
162	5	4	285	20	19
166	6	5	290	20	19
167	7	6	295	19	18
168	14	13	309	19	16
169	8	7	312	15	14
220.2	2	1	321	17	14
221.1	2	1	321.1	1	0
221.2	3	2	331	15	14
221.2.1	3	2	331.1	2	1
221.3	2	1	332	15	14
221.4	2	1	333	20	19
221.5	3	2	336	15	14
221.6	3	2	341	16	15
221.11	2	1	343	7	6
221.12	2	1	345	19	16
221.13	2	1	346	14	11
221.27	1	0	350	20	17
264	15	14	351	14	11
266	12	11	356.1	6	3
269	19	16	356.2	1	0
270	15	14	356.3	1	0
270.1	6	3	359	15	14

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Appendix B

ORANGE AND ROCKLAND UTILITIES, INC.

PSC No. 4 - GAS: List of Revised Tariff Leaves

Leaf No.	Revision No.	Superseding Revision No.	Leaf No.	Revision No.	Superseding Revision No.
4	17	16	88	5	4
12.1	2	1	89	5	4
12.2	0		94.9	21	20
24	3	1	94.10	21	20
33.3	28	27	94.16	24	23
34	17	16	94.25	7	6
79.1	12	11	114	34	33
80.3.1	12	11	116	37	36
80.4	13	12	130	34	33
81.1	15	14	133	31	30
87	4	3	137.2	17	16

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Changes proposed to the Schedule for Electric Service, P.S.C. No. 3 – Electricity

The Company is filing revisions to its Schedule for Electric Service, P.S.C. No. 3 – Electricity (the "Electric Tariff"). These include revisions to: the rates under Service Classification ("SC") Nos. 1, 2, 3, 4, 5, 6, 9, 15, 16, 19, 20, 21 and 22; the Billing and Payment Processing Charge; the Reactive Power Demand Charge; and the Merchant Function Charges ("MFC").

In addition, the Company has proposed the following changes to the Electric Tariff:

- Revised the Revenue Decoupling Mechanism ("RDM") Adjustment to: (1) update the RDM targets; and (2) change the threshold associated with an interim RDM adjustment.
- Revised the Energy Cost Adjustment ("ECA") mechanism to move to a monthly reconciliation of the ECA components.
- Extended the Company's Economic Development rate under Rider H for an additional five years.
- Made other housekeeping changes, including the removal from the Electric Tariff of the Temporary Credit, the Delivery Revenue Surcharge, and other provisions that were specific to the prior rate case and are no longer in effect.

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Appendix D

Changes proposed to the Schedule for Gas Service, P.S.C. No. 4 – Gas

The Company is filing revisions to its Schedule for Gas Service, P.S.C. No. 4 – Gas (the "Gas Tariff"). These include revisions to: the rates under gas Service Classification ("SC") Nos. 1, 2, 6, and 8; the rates under Riders B and C; the Billing and Payment Processing Charge; and the Merchant Function Charges ("MFC").

In addition, the Company is proposing the following changes to the Gas Tariff:

- Added that new building connection applications received after December 30, 2025 for new gas service for buildings that are seven stories or less would be denied, subject to a number of exceptions, in compliance with Energy Law §11-104 and Executive Law § 378 (as amended by L 2023, ch. 56, Part RR).
- Added that any application for gas service where action has failed to advance a pending application that is more than six months old shall be deemed abandoned and a new application for service will be required whereby any eligibility criteria or requirements at the time the new application is submitted will be applicable.
- Amended the discounts in Rider E – Excelsior Jobs Program based on the results of the Company's revised marginal cost of service study.
- Revised the charge for the first 100 Ccf or less of monthly usage under SC No. 8, Interruptible Transportation and Supplemental Sales and revised the Base Charge cap.
- Revised the RDM Adjustment to: (1) update the RDM targets; and (2) change the threshold associated with an interim RDM adjustment.
- Reset the definition of normal heating degree days in the weather normalization adjustment.
- Made other housekeeping changes, including: (1) the removal from the Gas Tariff of the Temporary Credit, the Delivery Revenue Surcharge, and other provisions that were specific to the prior rate case and are no longer in effect; and (2) adding the Excelsior Jobs Program to the Table of Contents.

ORANGE AND ROCKLAND UTILITIES, INC.

Impact of Rate Increases on Total Revenue
For the Rate Year Twelve Months Ending December 31, 2025 (1) (2)
(Based on Billed Sales and Revenues)

Service Classification	Rate Year Billed Sales (MWh)	Customers	Revenue At Current Rates ($000s)	Revenue At Proposed Rates ($000s)	Change ($000s)	Percent Change
Residential	1,715,088	211,765	$400,936	$420,601	$19,665	4.9%
Small C&I	961,636	30,576	183,250	187,156	3,906	2.1%
Medium C&I	365,231	510	54,678	56,099	1,421	2.6%
Large C&I	751,764	80	92,971	95,118	2,146	2.3%
Lighting	27,383	3,255	8,896	9,406	510	5.7%
Total	3,821,103	246,186	$740,731	$768,379	$27,648	3.7%

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Notes:

1. For comparison purposes, an estimated cost of electric supply for retail access customers has been included in total revenues This is equivalent, on a per unit basis, to the cost of electric supply included in full service customer revenues.

2. Revenue at proposed rates reflects the expiration of the RY3 Temporary Credit from Case 21-E-0074.

ORANGE AND ROCKLAND UTILITIES, INC.

Impact of Rate Increases on Total Firm Revenue
For the Rate Year Twelve Months Ending December 31, 2025 (1) (2)
(Based on Billed Sales and Revenues)

Service Classification	Rate Year Billed Sales (Mcf)	Customers	Revenue At Current Rates ($000s)	Revenue At Proposed Rates ($000s)	Change ($000s)	Percent Change
Res - 1 / 6 - IA	14,414,702	131,360	$224,128	$240,191	$16,063	7.2%
Comm 1 / 6 - IA	1,031,630	6,314	15,660	16,901	1,241	7.9%
Comm 2 / 6 - 1B	4,409,787	5,790	47,850	48,979	1,129	2.4%
Comm 6 - II	1,237,406	92	12,816	13,272	456	3.6%
Total Firm	21,093,524	143,556	$300,454	$319,343	$18,889	6.3%

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Notes:

1. For comparison purposes, an estimated cost of gas supply for retail access customers has been included in total revenues. This is equivalent, on a per unit basis, to the cost of gas supply included in full service customer revenues.

2. Revenue at proposed rates reflects the expiration of the RY3 Temporary Credit from Case 21-G-0073.

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Orange and Rockland Utilities, Inc.

Typical Residential Customer Bill Impacts

		Bills at			Percent Change	
		Current Rates	Proposed Rates	Change	Delivery	Total Bill
Electric						
SC No. 1						
550	kWh	$136.86	$145.12	$8.26	9.3%	6.0%
SC No. 1						
600	kWh	$147.33	$156.14	$8.81	9.3%	6.0%
Gas						
SC No. 1						
100	Ccf	$156.92	$169.65	$12.73	11.9%	8.1%