



June 15, 2012

Honorable Jaclyn A. Brillig  
Secretary  
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 Brillig:

Orange and Rockland Utilities, Inc. ("O&R" or the "Company") hereby submits for electronic filing its Statement of Temporary State Assessment Surcharge No. TSAS-2 to its Schedule for Electric Service, P.S.C. No. 3 – ELECTRICITY ("Electric Tariff"). The statement is issued June 15, 2012 to become effective on July 1, 2012.

#### **Reason for Filing**

This Statement is being filed pursuant to the Commission's June 19, 2009 Order in the above-referenced case ("June 2009 Order") and the provision entitled, "Temporary State Assessment Surcharge (TSAS)", in General Information Section 24 of the Electric Tariff. The June 2009 Order and this provision require that the Company file a statement no less than fifteen days before the start of the period that the 18-a surcharges are to be in effect. In accordance with this tariff provision, revised surcharges have been designed to collect Public Service Law §18-a amounts required to be collected above the amount in base rates for the State Fiscal Year 2012-2013 (April through March) and include an adjustment for uncollectible expenses and working capital costs. The revised surcharges also reflect the reconciliation of the State Fiscal Year 2011-2012 Public Service Law §18-a amounts to be recovered with the actual amounts collected under the surcharges that were in effect from July 1, 2011 through June 30, 2012. In addition, the June 2011 collections that were estimated in last year's filing have been trued-up in this reconciliation filing.

The surcharge amount for the current 2012-2013 State Fiscal Year was allocated to each customer class based on 2011 class revenues inclusive of gross receipts taxes. Revenues include both delivery and supply charges for all service classes (including estimated supply charges for retail access classes<sup>1</sup>).

Reconciliation amounts for the State Fiscal Year 2011-2012 were determined by allocating the total of the 2011-2012 actual Public Service Law §18-a payments made by the Company, and

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<sup>1</sup> 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 \$189,512,714 for calendar year 2011.

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working capital and uncollectible expense adjustments based on the actual payments, to each customer class based on 2010 class revenues inclusive of gross receipts taxes and estimated ESCO revenues. These amounts were compared with the actual class-specific amounts collected under the surcharges that were in effect from July 1, 2011 through June 30, 2012<sup>2</sup>. Any differences have been added to the 2012-2013 State Fiscal Year amounts to determine total amounts recoverable from each customer class. Surcharge amounts will be collected from each customer class on a per kWh basis, with the exception of Service Classification No. 25 whose surcharge amounts will be collected on a per kW basis during the July 1, 2012 through July 31, 2013 period.

The June 2009 Order (p. 32) authorizes utilities to maintain the prior year's surcharge to the extent the amount of the Temporary State Assessment decreases due to a fluctuation in annual intrastate gross operating revenues. Therefore, the Company is maintaining the prior year's unit surcharges in SC Nos. 1, 2, 3, 5, 9, 19, 20, 21, 22 and 25 since the calculation of the surcharges for the current State Fiscal Year would have resulted in a surcharge below the level of the prior year's surcharges applicable to those classes.

The Statement filed herewith reflects the unit amounts to be collected over the 12 months commencing July 1, 2012.

Questions regarding this filing can be directed to me at (212) 460-3308.

Very truly yours,

/s/

William A. Atzl, Jr.  
Director – O&R Rates

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<sup>2</sup> June 2012 collections have been estimated and will be trued up in the June 2013 reconciliation of the Company's Temporary State Assessment Surcharge.