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Orange & Rockland
a conEdison, inc. company

Orange and Rockland Utilities, Inc.
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Pearl River, NY 10965-9006
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January 26, 2018

VIA EMAIL

Honorable Kathleen H. Burgess
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 Burgess:

Orange and Rockland Utilities, Inc. ("Orange and Rockland" or the "Company") submits this rate filing to propose new rate plans to begin in January 2019 for electric and gas service provided in its service territory. The Company's rate filings focus on investments to further the Company's three major objectives, which are aligned with State policy objectives: (1) public and employee safety; (2) operational excellence; and (3) enhancing the customer experience. Our filings explain why maintaining and improving system operations requires certain investments, including the Digital Customer Experience and Green Button Connect programs. These investments in particular are geared toward giving customers greater control over their energy usage and allow them to more actively engage in the energy marketplace.

In addition, the Company's continuing efforts to implement advanced metering infrastructure ("AMI"), which involves the installation of smart meters in our customers homes and businesses, will enhance the customer experience by enabling the Company to provide electric and gas customers with timely feedback regarding their energy consumption. This information will empower customers to better manage their energy use, and by extension, their total bill. In conjunction with investments in advanced technologies, such as an Advanced Distribution Management System, AMI will enable the Company to monitor outages and restore service to customers more efficiently. AMI also will facilitate the consideration and deployment of innovative rate designs.

Orange and Rockland's rate filing addresses changing customer desires, advancements in technology, and federal and state regulatory policy goals. The Company is exploring non-wire and non-pipe solutions (for gas) prior to moving forward with infrastructure upgrades. The Company is developing and upgrading its Distributed Energy Resources evaluation tools. Orange and Rockland also continues to develop the capabilities necessary to perform its functions as the Distributed System Platform provider.

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Key provisions of the Company's electric and gas filings are summarized below. The Company would note that while the tariff leaves submitted herewith reflect only the proposed rate increase for the Rate Year, *i.e.*, the twelve months ending December 31, 2019, the Company is open to negotiating a multi-year rate agreement for both services.

Electric Service

The Company seeks an increase in revenues for electric delivery of approximately $20.3 million (including gross receipts tax), resulting in an overall customer bill increase of approximately 2.3 percent, including projected supply costs.[1] This filing reflects the reduction of the Company's requested electric revenue increase resulting from the recently enacted Tax Cuts and Jobs Act. Appendix E shows the estimated effect on the Company's electric revenues by customer class, based on sales and revenues for the Rate Year. This filing explains the need for investments designed to maintain the safety and reliability of Orange and Rockland's electric system, to enable Orange and Rockland to adapt its system for increased distributed energy resources and New York State's energy future plans, to encourage electric vehicle adoption in its service territory, and to support initiatives and programs designed to enhance the customer experience.

Gas Service

The Company seeks an increase in revenues for gas delivery of approximately $4.5 million (including gross receipts tax), resulting in an overall customer bill increase of approximately 1.5 percent, including projected supply costs.[2] This filing reflects the reduction of the Company's requested gas revenue increase resulting from the recently enacted Tax Cuts and Jobs Act. Appendix F shows the estimated effect on the Company's gas revenues by customer class, based on sales and revenues for the Rate Year. Our natural gas infrastructure will require significant investment in the coming years, including through aggressive main replacement efforts, in order to enhance the safety and reliability of our gas delivery system. The Company will also seek to make gas service available to more customers in our service territory. The Company plans to leverage new technology to improve leak detection and proposes various initiatives and programs designed to enhance the customer experience. In addition, the Company seeks to expand its ability to train and test its employees and contractors.

Cost Mitigation Efforts and Other Considerations

Cost management has been, and will remain, at the core of Orange and Rockland's business processes. The Company recognizes its responsibility to manage costs on behalf of its customers and is committed to leveraging best practices to help mitigate cost increases to both the electric and gas sides of its business. The Company has taken a number of steps to manage

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[1] 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 6.7 percent.

[2] 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 2.8 percent.

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increases in its labor costs, as well as programs to improve workplace productivity and operational efficiencies. This filing discusses those efforts, including where Orange and Rockland is leveraging its relationship with Consolidated Edison Company of New York, Inc. to increase efficiency.

The Company has also redesigned its healthcare plan and increased employee contributions to healthcare costs in an effort to reduce costs to customers. In addition, O&R has replaced its traditional pension plan with a plan for all new employees that will cost customers less over time.

Finally, in order to minimize the issues in controversy relating to these filings and to facilitate reaching a multi-year rate plan through settlement, the Company has included a 9.75% return on equity ("ROE") in both its gas and electric rate filings. This ROE figure is at the low end of the unadjusted range of estimates (*i.e.*, 9.60% to 11.0%) identified by the Company's cost of capital witness as being appropriate for the Company. The Company also has included a capital structure with an equity ratio of 48%, in lieu of the Company's forecasted Rate Year equity ratio of 48.79%.

Proposed Rate Term

While this rate filing proposes 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 filing.

Information Accompanying This Rate Filing

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
Appendix D – Description of Gas Tariff Revisions
Appendix E – Electric Revenue Impacts
Appendix F – Gas Revenue Impacts

The tariff leaves are issued as of January 26, 2018, to become effective on February 25, 2018. The Company's expectation is that the Commission will issue appropriate orders suspending the effective date of the tariff leaves through December 31, 2018, and that the proposed electric and gas rates will become effective on January 1, 2019.

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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. Hard copies of this filing are being provided to Staff.

The Company has also included draft Notices 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.

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 this filing by means of newspaper publication once a week for four consecutive weeks prior to March 1, 2018. 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.

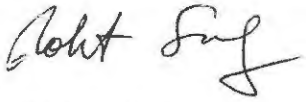
Conclusion

The Tariff leaves, testimony and exhibits submitted with this filing 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 multi-year rate plans 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, 2019.

Very truly yours,

ORANGE AND ROCKLAND UTILITIES, INC.



Robert Sanchez
President and Chief Executive Officer

c: New York State Department of State, Utility Intervention Unit (via email)
Active Parties to Cases 14-E-0493 and 14-G-0494 (via email)

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STATE OF NEW YORK
COUNTY OF NEW YORK

Robert Sanchez, being duly sworn, says:

I am the President and Chief Executive Officer of ORANGE AND ROCKLAND UTILITIES, INC., the applicant above-named, on behalf of which I have subscribed the foregoing application and know the contents thereof and the same is true to the best of my knowledge, information and belief.

Subscribed and sworn to
Before me this 23 day of January, 2018.

DANIEL J. PERRETTI
Notary Public, State of New York
No. 4988442
Qualified in Rockland County
Commission Expires Nov. 04, 2021

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Orange and Rockland Utilities, Inc. **Appendix A**
Electric Rate Case
Proposed Tariff Leaves effective February 25, 2018

P.S.C. No. 3 Electricity

11th	Revised Leaf No.	89	8th	Revised Leaf No.	278
1st	Revised Leaf No.	90	9th	Revised Leaf No.	283
4th	Revised Leaf No.	139	8th	Revised Leaf No.	284
5th	Revised Leaf No.	155	9th	Revised Leaf No.	285
3rd	Revised Leaf No.	161	9th	Revised Leaf No.	290
	Original Leaf No.	163.1	10th	Revised Leaf No.	295
4th	Revised Leaf No.	216	8th	Revised Leaf No.	309
8th	Revised Leaf No.	219	8th	Revised Leaf No.	310
5th	Revised Leaf No.	250	7th	Revised Leaf No.	312
5th	Revised Leaf No.	251	7th	Revised Leaf No.	321
6th	Revised Leaf No.	252	7th	Revised Leaf No.	322
	Original Leaf No.	252.1	7th	Revised Leaf No.	331
4th	Revised Leaf No.	253	7th	Revised Leaf No.	332
4th	Revised Leaf No.	255	9th	Revised Leaf No.	333
3rd	Revised Leaf No.	256	7th	Revised Leaf No.	336
4th	Revised Leaf No.	257	7th	Revised Leaf No.	341
3rd	Revised Leaf No.	258	1st	Revised Leaf No.	344
5th	Revised Leaf No.	259		Original Leaf No.	344.1
6th	Revised Leaf No.	260	7th	Revised Leaf No.	345
4th	Revised Leaf No.	261	8th	Revised Leaf No.	347
4th	Revised Leaf No.	262	7th	Revised Leaf No.	350
7th	Revised Leaf No.	264	8th	Revised Leaf No.	352
6th	Revised Leaf No.	266	7th	Revised Leaf No.	356
7th	Revised Leaf No.	267	8th	Revised Leaf No.	358
7th	Revised Leaf No.	268	7th	Revised Leaf No.	359
7th	Revised Leaf No.	269	8th	Revised Leaf No.	372
7th	Revised Leaf No.	270	7th	Revised Leaf No.	373
8th	Revised Leaf No.	272	7th	Revised Leaf No.	374
8th	Revised Leaf No.	274	7th	Revised Leaf No.	375
7th	Revised Leaf No.	276	2nd	Revised Leaf No.	377

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Orange and Rockland Utilities, Inc.
Gas Rate Case
Proposed Tariff Leaves effective February 25, 2018

P.S.C. No. 4 Gas

3rd	Revised Leaf No.	20	1st	Revised Leaf No.	80.3.9
2nd	Revised Leaf No.	24	8th	Revised Leaf No.	80.4
	Original Leaf No.	24.1	11th	Revised Leaf No.	81.1
18th	Revised Leaf No.	33.3	17th	Revised Leaf No.	82
13th	Revised Leaf No.	34	13th	Revised Leaf No.	94.9
20th	Revised Leaf No.	73	13th	Revised Leaf No.	94.10
2nd	Revised Leaf No.	73.1	16th	Revised Leaf No.	94.16
10th	Revised Leaf No.	74	4th	Revised Leaf No.	94.25
10th	Revised Leaf No.	76	14th	Revised Leaf No.	112
8th	Revised Leaf No.	79.1	6th	Revised Leaf No.	113.1
6th	Revised Leaf No.	79.2	7th	Revised Leaf No.	113.2
15th	Revised Leaf No.	80	2nd	Revised Leaf No.	113.3
17th	Revised Leaf No.	80.1	4th	Revised Leaf No.	113.4
	Original Leaf No.	80.1.1	26th	Revised Leaf No.	114
4th	Revised Leaf No.	80.3.1	29th	Revised Leaf No.	116
9th	Revised Leaf No.	80.3.2	26th	Revised Leaf No.	130
3rd	Revised Leaf No.	80.3.5	27th	Revised Leaf No.	133
2nd	Revised Leaf No.	80.3.6	13th	Revised Leaf No.	137.2
1st	Revised Leaf No.	80.3.8	8th	Revised Leaf No.	154.1

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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 electric Service Classification ("SC") Nos. 1, 2, 3, 4, 5, 6, 9, 15, 16, 19, 20, 21, 22 and 25; the Billing and Payment Processing Charge; and the Merchant Function Charges.

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

- Amended the discounts in Rider C – Excelsior Jobs Program based on the Company's revised marginal cost of service study
- Amended the Energy Cost Adjustment to provide mechanisms to recover and/or credit customers for: (1) Non-Wires Alternative project costs and incentives; (2) Earnings Adjustment Mechanisms; (3) positive and negative revenue adjustments resulting from the Company's electric and customer service performance mechanisms; and (4) the price guarantee proposed for residences with plug-in electric vehicles ("PEVs") taking service under SC No. 19.
- Revised the Revenue Decoupling Mechanism ("RDM") to: (1) add SC Nos. 4 and 6 to the list of applicable RDM classes; (2) revise the RDM targets; (3) change the threshold associated with interim RDM Adjustments; and (4) revise language for the change in the starting month of the rate year to January
- Changed certain other mechanisms with rate years currently starting November to account for a partial rate year and to change the definition of the starting month of the rate year to January
- Introduced three new options related to PEVs: (1) a one-year price guarantee for customers taking service under SC No. 19 for residences that include PEVs and registering such PEVs with the Company; (2) an opportunity for residential customers to establish separate accounts under SC No. 19 for the sole purpose of PEV charging; and (3) a modification to the Company's Economic Development Rider, Rider H, to allow demand-billed participants that construct and own publicly accessible PEV quick charging stations with a minimum of 65 kW of aggregate charging capacity to receive the Rider H delivery rate discount through December 31, 2025
- Amended SC No. 25 to clarify that SC No. 25 customers will be assessed the MDAHP-eligible metering charges of their otherwise applicable service classification
- Revised language in the Market Supply Charge section to include on-line auction platform costs as recoverable supply costs
- Made other housekeeping changes

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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, and 6; the rates under Riders B and C; the Billing and Payment Processing Charge; and the Merchant Function Charges.

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

- 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
- Amended the Monthly Gas Adjustment ("MGA") to provide mechanisms to recover and/or credit customers for: (1) Non-Pipe Solution project costs; (2) positive and negative revenue adjustments resulting from the Company's gas and customer service performance mechanisms; and (3) demand revenues from gas transportation agreements
- Revised the Revenue Decoupling Mechanism ("RDM") to: (1) revise the RDM targets; and (2) revise language for the change in the starting month of the rate year to January
- Changed certain other mechanisms with rate years currently starting November to account for a partial rate year and to change the definition of the starting month of the rate year to January
- Changed the calculation of the annual line loss factor incentive and penalty and the System Performance Adjustment Mechanism
- Proposed to add a capacity charge component to Winter Bundled Sales Service ("WBSS") under SC No. 11
- Revised gas entitlements for non-residential customers and provided a further service entitlement for customers who perform the required excavation work on their property that will be used to install gas service pipe to connect to the Company's gas system
- Revised language in the Gas Supply Charge section to: (1) include on-line auction platform costs as recoverable supply costs; and (2) account for the capacity charge component of WBSS
- Reset the definition of normal heating degree days in the weather normalization adjustment
- Made other housekeeping changes

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ORANGE AND ROCKLAND UTILITIES, INC.

Impact of Proposed Rate Change on Total Revenue
For the Rate Year Twelve Months Ending December 31, 2019 (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)	Low Income Discount ($000s)	Change ($000s)	Percent Change
SC1	1,507,816	197,405	301,276	317,413	(10,037)	6,100	2.0%
SC19	71,405	3,399	12,810	13,402	(51)	542	4.2%
Total Res	1,579,221	200,804	314,086	330,815	(10,088)	6,642	2.1%
SC2 Sec	838,026	23,584	140,663	146,159	0	5,496	3.9%
SC2 Sec Heat	24,064	322	2,956	3,061	0	106	3.6%
SC2 Sec ND & UM	16,612	4,662	3,901	3,778	0	(123)	-3.2%
SC20	81,753	449	11,056	11,306	0	250	2.3%
Total Secondary	960,455	29,017	158,576	164,305	0	5,729	3.6%
SC2 Pri	48,062	165	6,608	6,577	0	(30)	-0.5%
SC3	330,481	260	42,372	43,343	0	971	2.3%
SC21	35,704	25	4,655	4,767	0	112	2.4%
Total Primary	414,247	450	53,635	54,687	0	1,052	2.0%
Total Sec & Pri	1,374,702	29,466	212,211	218,992	0	6,781	3.2%
SC9 (Commercial)	472,591	48	53,067	53,268	0	201	0.4%
SC22 (Industrial)	315,174	33	34,713	35,049	0	337	1.0%
Total SC9 & SC22	787,765	81	87,779	88,317	0	538	0.6%
SC4	9,555	69	3,286	3,000	0	(287)	-8.7%
SC5	2,719	491	456	474	0	18	4.0%
SC6	6,009	2	938	970	0	33	3.5%
SC 16 -dusk-to-dawn	10,921	2,359	4,349	4,448	0	99	2.3%
SC 16 - energy only	3,594	437	664	692	0	27	4.1%
SC16 - Total	14,515	2,796	5,013	5,139	0	126	2.5%
Total Lighting	32,798	3,358	9,693	9,583	0	(110)	-1.1%
Total	3,774,486	233,709	623,769	647,708	(10,088)	13,851	2.2%

Notes:

1. For comparison purposes, an estimated electric supply charge 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 transfer of Energy Efficiency Tracker Funding from the Energy Cost Adjustment to Base Rates.

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ORANGE AND ROCKLAND UTILITIES, INC.

Impact of Proposed Rate Change on Total Revenue
For the Rate Year Twelve Months Ending December 31, 2019 (1) (2)
(Based on Billed Sales and Revenues)

Service Classification	Type of Service	Total Sales (Mcf)	Customers	Revenue At Current Rates ($000's)	Revenue At Proposed Rates ($000's)	Low Income Discount ($000's)	Change ($000's)	Percent Change
1 / 6 IA	Residential	14,328,079	125,516	192,599.5	199,534.2	(3,693.9)	3,240.8	1.7%
1 / 6 1A	Non Residential	882,797	6,043	11,504.0	11,850.1	0.0	346.1	3.0%
2 / 6 IB	Commercial	4,339,943	6,020	43,449.9	43,727.6	0.0	277.7	0.6%
6 II	Large Commercial	1,296,749	101	12,052.9	12,101.2	0.0	48.3	0.4%
	Total Firm	20,847,568	137,680	259,606.2	267,213.0	(3,693.9)	3,912.9	1.5%

1. For comparison purposes, an estimated cost of gas supply has been included in the SC No. 6 revenue. This is equivalent on a per unit basis, to the cost of gas supply included in SC No. 1 and 2 revenues.
2. Revenue at Proposed Rates reflects the transfer of Energy Efficiency Tracker Funding from the Monthly Gas Adjustment to Base Rates.