



Orange and Rockland Utilities, Inc.  
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February 29, 2012

Honorable Jaclyn A. Brilling  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, New York 12223

RE: Case No. 11-M-0542 – In the Matter of the Commission's Implementation of  
Certain Provisions of the Excelsior Jobs Program

Dear Secretary Brilling:

Orange and Rockland Utilities, Inc. ("O&R" or the "Company") hereby submits for filing the following tariff leaves reflecting revisions to its Schedule for Gas Service, P.S.C. No. 4 – Gas ("Gas Tariff").

Leaf	4	Revision	12
Leaf	94.22	Revision	1
Leaf	94.23	Revision	1
Leaf	94.24	Revision	1
Leaf	94.25	Revision	1
Leaf	113.1	Revision	2

These leaves are issued February 29, 2012, to become effective June 1, 2012.

### **Reason for Filing**

On March 31, 2011, Section 66(12-d) of the Public Service Law was revised pursuant to the Excelsior Jobs Program ("EJP") Act of 2011 (L. 2011, c.61). The EJP Act provides certain tax credits to qualifying businesses for a period of up to 10 years. The EJP Act also provides for utilities to offer a special EJP delivery rate equal to the incremental cost of providing service to participants in EJP.

By its Notice to File Proposed Tariff Provisions, issued December 9, 2011 (the "Notice"), in the subject case, the Commission directed the Company to file tariff amendments to conform its Gas Tariff to the requirements established by the EJP Act<sup>1</sup>. The Notice directed the tariff amendments to have an effective date of June 1, 2012<sup>2</sup>.

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<sup>1</sup> The Notice directed that tariff changes be filed by February 14, 2012. That date was extended to February 29, 2012, pursuant to the Secretary's letter of February 14, 2012.

<sup>2</sup> The Company is separately filing changes to its Schedule for Electric Service, P.S.C. No. 2 - Electricity ("Electric Tariff").

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### **Proposed Tariff Changes**

As directed by the Notice, the Company proposes to add to its Gas Tariff Rider E, Excelsior Jobs Program, applicable to qualifying customers who are qualified for the rate by reason of having been certified to receive benefits under the EJP. The Rider describes: customer eligibility for EJP rates, including initial and annual certifications; provisions for new and existing customers; restrictions as to the availability of the Rider; base rates under this Rider; and the term for which customers will be eligible for EJP rates.

Additionally, the Company is making the following tariff revisions in conformance with the establishment of Rider E:

- Rider E has been added to the Table of Contents.
- General Information Section No. 25, Revenue Decoupling Mechanism ("RDM") Adjustment has been amended to reflect that the RDM is not applicable to usage above the Baseline Billing Determinants for customers taking service under Rider E.

Regarding the determination of EJP rates, the Notice indicated:

1. *Inasmuch as the provisions relating to the amount of the Excelsior Jobs Program gas and electric service rates mirror those of the existing NY PSL 66(12-c) Empire Zone rates, utilities that have such Empire Zone rates should file proposed Excelsior Jobs tariff delivery rates equal to their existing Empire Zone delivery rates.*
2. *For utilities that do not have existing Empire Zone rates, but did submit a marginal cost of service study with their last major rate case, such utilities should file proposed Excelsior Jobs tariff delivery rates reflecting the applicable marginal costs contained in those studies adjusted for any modifications to the studies which were ultimately adopted by the Commission.*
3. *For utilities that do not have existing Empire Zone rates, and did not submit a marginal cost of service study with their last major rate case, such utilities should file proposed Excelsior Jobs tariff delivery rates which estimate the applicable marginal delivery costs. These rates will be used on an interim basis until rates are developed by a marginal cost of service study. Further, such utilities should submit a marginal cost of service study in their next major rate filing before the Commission.*

The Company does not offer Empire Zone rates. The Company filed a marginal cost of service study in its last gas rate case<sup>3</sup>. Because the Company's marginal cost of service study submitted in that case demonstrated that marginal costs exceed average gas delivery rates, the Company is not proposing to discount its delivery rate for EJP customers at this time. If the relationship between delivery rates and marginal costs changes over time, such that then current delivery rates exceed marginal costs, the Company will, as appropriate, file to amend the EJP discount. In order to recognize that potential circumstance, the Company's proposed Rider E establishes EJP terms of service including rates with a percentage discount of zero.

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<sup>3</sup> Case No. 08-G-1398, Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Gas Service.

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**Conclusion**

As directed by the Notice, the Company is filing its tariff changes to take effect on June 1, 2012. The Company will publish notice of the proposed changes to its Gas Tariff and to its Electric Tariff, in accordance with the Commission's regulations regarding newspaper publication.

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