

Orange and Rockland Utilities, Inc.
Gas Operating Income, Rate Base & Rate of Return
For the Rate Year Ending December 31, 2019
(\$000's)

	<u>Company</u>			Adj. No.	Staff Adjustments	As Adjusted by Staff	Revenue Increase	Per Staff After Increase
	<u>Initial Filing</u>	<u>Preliminary Update</u>	<u>As Updated</u>					
<u>Operating Revenues</u>								
Sales and Delivery to Public	\$ 228,880		\$ 228,880	1	\$ 30	\$ 228,910	\$ (7,200)	\$ 221,710
Sales For Resale								
Sales Revenues	228,880		228,880		30	228,910	(7,200)	221,710
Other Operating Revenues	2,560	30	2,590			2,590	(26)	2,564
Total Operating Revenues	231,440	30	231,470		30	231,500	(7,226)	224,274
<u>Operating Expenses</u>								
Purchased Gas	61,464		61,464			61,464		61,464
Deferred Purchased Gas	197		197			197		197
Operations & Maintenance Expenses	73,355	(275)	73,081	2	(1,310)	71,771	(29)	71,742
Depreciation Expense	25,371	55	25,425	3	(1,483)	23,942		23,942
Regulatory Amortizations	2,277	(558)	1,719	4	(2,045)	(326)		(326)
Taxes Other Than Income Taxes	31,074	(369)	30,704	5	(41)	30,664	(130)	30,534
Total Operating Expenses	193,738	(1,147)	192,590		(4,879)	187,712	(159)	187,553
Operating Income Before Income Taxes	37,702	1,177	38,879		4,909	43,788	(7,067)	36,721
<u>Income Taxes</u>								
New York State Income Taxes	1,372	71	1,443	6	351	1,795	(459)	1,335
Federal Income Taxes	4,816	243	5,060	7	996	6,056	(1,388)	4,668
Utility Operating Income	31,514	863	32,376		3,562	35,938	(5,220)	30,718
Rate Base	\$ 470,057	\$ (3,516)	\$ 466,542	8	\$ (13,216)	\$ 453,328		\$ 453,328
Rate of Return	6.70%		6.94%			7.93%		6.78%

Orange and Rockland Utilities, Inc.
Gas Other Operating Revenues & Regulatory Amortizations
For the Rate Year Ending December 31, 2019
(\$000's)

	<u>Company</u>			Adj. No.	Staff Adjustments	As Adjusted by Staff	Revenue Increase	Per Staff After Increase
	<u>Initial Filing</u>	<u>Preliminary Update</u>	<u>As Updated</u>					
<u>Miscellaneous Service & Other Revenues</u>								
AMR/AMI Meter Reading and Change out Fee	\$ 8		\$ 8			\$ 8		\$ 8
Customer Reconnect Fees	13		13			13		13
Late Payment Charge Revenues	835		835			835	(26)	809
Pike Corning ESA	-	30	30			30		30
POR Discount	1,136		1,136			1,136		1,136
Shared Meter Assessment	(7)		(7)			(7)		(7)
Access Fines	162		162			162		162
R&D Ventures	2		2			2		2
Other	0		0			0		0
Total Miscellaneous Service & Other Revenues	<u>2,150</u>	<u>30</u>	<u>2,180</u>		<u>-</u>	<u>2,180</u>	<u>(26)</u>	<u>2,154</u>
Joint Operating Rents	409		409			409		409
Total Other Operating Revenues	<u>\$ 2,560</u>	<u>\$ 30</u>	<u>\$ 2,590</u>		<u>\$ -</u>	<u>\$ 2,590</u>	<u>\$ (26)</u>	<u>\$ 2,564</u>

Orange and Rockland Utilities, Inc.
Gas Operations & Maintenance Expenses
For the Rate Year Ending December 31, 2019
(\$000's)

	Company			Adj. No.	Staff Adjustments	As Adjusted by Staff	Revenue Increase	Per Staff After Increase
	Initial Filing	Preliminary Update	As Updated					
Fuel & Purchased Gas Costs	\$ 61,661		\$ 61,661			\$ 61,661		\$ 61,661
A&G Health Insurance and Capital Overhead	(280)	(1)	(281)			(281)		(281)
Bond Administration & Bank Fees	100		100			100		100
Company Labor	29,403	128	29,532			29,532		29,532
Customer Billing Postage	607	2	609			609		609
Employee Welfare Expense	5,002		5,002	2a.	(875)	4,127		4,127
Facilities	412	1	413	2b.	(149)	264		264
Information Technology	2,222	6	2,228	2c.	(66)	2,162		2,162
Informational Advertising	142		142			142		142
Injuries & Damages/ Workers Compensation	309	1	310			310		310
Institutional Dues & Subscription	152		152			152		152
Insurance Premium	282	1	283			283		283
Intercompany Shared Services	4,838	14	4,852			4,852		4,852
Legal and Other Professional Services	424	1	425			425		425
Ops - Corporate & Shared Services	1,933	6	1,939	2d.	(300)	1,639		1,639
Ops - Customer Operations	2,035	6	2,041			2,041		2,041
Ops - Gas Operations	9,885	(1,123)	8,762	2e.	(605)	8,157		8,157
Ops - Engineering	1,498	1,155	2,653	2f.	(866)	1,787		1,787
Ops - Substation Operations	3		3			3		3
Other Compensation	154	(36)	118			118		118
Pensions and OPEBs	9,439	(226)	9,213			9,213		9,213
RCA-Amortization of Energy Efficiency	179		179	2g.	526	705		705
RCA-Amortization of MGP/Superfund Sites Costs	1,706	(109)	1,596	2h.	1,958	3,554		3,554
Regulatory Commission Expenses	712	223	935			935		935
Rent	31	0	32			32		32
Research and Development	285	(273)	12			12		12
System Benefit Charge	465		465			465		465
Uncollectible Reserves	1,296	(50)	1,246			1,246	(29)	1,217
Worker's Comp NYS Assessment	102	(27)	75			75		75
Company Labor - Fringe Benefit Adjustment	(42)	25	(17)			(17)		-17
Other O&M	59		59			59		59
Savings	-		-	2i.	(800)	(800)		(800)
Productivity	-		-	2j.	(133)	(133)		(133)
Total O & M Expenses	<u>135,016</u>	<u>(275)</u>	<u>134,742</u>		<u>(1,310)</u>	<u>133,432</u>	<u>(29)</u>	<u>133,403</u>
Total O&M Expenses Excluding Purchase Power	<u>\$ 73,355</u>	<u>\$ (275)</u>	<u>\$ 73,081</u>		<u>\$ (1,310)</u>	<u>\$ 71,771</u>	<u>\$ (29)</u>	<u>\$ 71,742</u>

Orange and Rockland Utilities, Inc.
Gas Regulatory Amortizations & Deferrals
For the Rate Year Ending December 31, 2019
(\$000's)

	<u>Company</u>			Adj. No.	Staff Adjustments	As Adjusted by Staff	Revenue Increase	Per Staff After Increase
	<u>Initial Filing</u>	<u>Preliminary Update</u>	<u>As Updated</u>					
Regulatory Items - (Reconciliations / Amortizations)								
18A Assessment	\$ 22	\$ (95)	\$ (73)			\$ (73)		\$ (73)
Customer Portfolio Shared Earnings	(1,304)		(1,304)			(1,304)		(1,304)
Deferred Tax Liabilities Carrying Charge	(1,178)	(479)	(1,657)			(1,657)		(1,657)
Environmental Carrying Charge	(8)	14	6			6		6
Excess FIT - 2018	(86)	(49)	(135)	4a.	(1,291)	(1,426)		(1,426)
Interest on Pollution Control Debt	171		171			171		171
Interest Repair Allowance / Bonus Depreciation	(91)		(91)			(91)		(91)
Low Income	528	(5)	523			523		523
Medicare Part D	(76)		(76)			(76)		(76)
Non Officer Management Variable Pay	(30)		(30)			(30)		(30)
NorthStar Management Audit Fees	12		12			12		12
NYSIT Rate Change	78	41	119			119		119
OPEB	526	(256)	270			270		270
Pension	(188)	191	3			3		3
Plant Reconciliation	(86)	56	(30)			(30)		(30)
Property Tax Refunds	(116)	67	(49)			(49)		(49)
Property Taxes	3,659	(207)	3,452			3,452		3,452
R&D	617	71	688	4b.	(754)	(66)		(66)
Rate Case Costs	327	92	419			419		419
Rate Case Incentives	247		247			247		247
Case 05-G-1594 interest on revenue deferral	(1)		(1)			(1)		(1)
Customer Outreach Program	3		3			3		3
Gas Economic Development Enhancement Pilot Program	(1)		(1)			(1)		(1)
Pension Phase-in	(579)		(579)			(579)		(579)
Tax on Health Insurance Plans	(169)	1	(168)			(168)		(168)
Total Regulatory Items	\$ 2,277	\$ (558)	\$ 1,719		\$ (2,045)	\$ (326)	\$ -	\$ (326)

Orange and Rockland Utilities, Inc.
Gas Taxes Other Than Income Taxes
For the Rate Year Ending December 31, 2019
(\$000's)

	<u>Company</u>			Adj. No.	Staff Adjustments	As Adjusted by Staff	Revenue Increase	Per Staff After Increase
	<u>Initial Filing</u>	<u>Preliminary Update</u>	<u>As Updated</u>					
Property Taxes:								
State, County & Town	\$ 7,912	\$ (437)	\$ 7,475	5a.	\$ (20)	\$ 7,455		\$ 7,455
Village	1,191		1,191			1,191		1,191
School	15,905		15,905			15,905		15,905
Total Property Taxes	<u>25,008</u>	<u>(437)</u>	<u>24,571</u>		<u>(20)</u>	<u>24,551</u>		<u>24,551</u>
Payroll Taxes	1,866	12	1,879	5b.	(21)	1,858		1,858
Revenue Taxes	4,137	56	4,193			4,193	(130)	4,063
Other Taxes								
Sale & Use Tax	22		22			22		22
Other Taxes	40		40			40		40
Total Taxes Other Than Income Tax	<u>\$ 31,074</u>	<u>\$ (369)</u>	<u>\$ 30,704</u>		<u>\$ (41)</u>	<u>\$ 30,664</u>	<u>\$ (130)</u>	<u>\$ 30,534</u>

Orange and Rockland Utilities, Inc.
Gas New York State Income Taxes
For the Rate Year Ending December 31, 2019
(\$000's)

	Company			Adj. No.	Staff Adjustments	As Adjusted by Staff	Revenue Increase	Per Staff After Increase
	Initial Filing	Preliminary Update	As Updated					
Operating Income Before Tax	\$ 37,702	\$ 1,177	\$ 38,879		\$ 4,909	\$ 43,788	\$ (7,067)	\$ 36,721
Interest Expense	(12,881)	243	(12,638)		494	(12,144)		(12,144)
Operating Income Before Federal Income Tax	<u>24,821</u>	<u>1,420</u>	<u>26,241</u>		<u>5,403</u>	<u>31,644</u>	<u>(7,067)</u>	<u>24,577</u>
<u>Normalized Items</u>								
Book Depreciation	26,703	24	26,727			26,727		26,727
Method/Life Depreciation	(45,382)	4	(45,378)			(45,378)		(45,378)
Lien Date Property Tax		(331)	(331)			(331)		(331)
263A Capitalized Overheads	(535)		(535)			(535)		(535)
Removal Costs	(915)	(43)	(958)			(958)		(958)
Tax Gain/(Loss) on Disposition of Assets	(190)	69	(121)			(121)		(121)
Management Benefits	(127)		(127)			(127)		(127)
Materials and Supplies	(1,496)		(1,496)			(1,496)		(1,496)
Total Normalized Deductions	<u>(21,942)</u>	<u>(277)</u>	<u>(22,219)</u>		<u>-</u>	<u>(22,219)</u>	<u>-</u>	<u>(22,219)</u>
Taxable Income or (Loss)	2,879	1,143	4,022		5,403	9,425	(7,067)	2,358
Current State Income Taxes @ 6.5%	187	74	261		351	613	(459)	153
Deferred State Income Taxes @ 6.5%	<u>1,185</u>	<u>(3)</u>	<u>1,182</u>			<u>1,182</u>		<u>1,182</u>
NYS Income Tax Expense	<u>\$ 1,372</u>	<u>\$ 71</u>	<u>\$ 1,443</u>		<u>\$ 351</u>	<u>\$ 1,795</u>	<u>\$ (459)</u>	<u>\$ 1,335</u>

Orange and Rockland Utilities, Inc.
Gas Federal Income Taxes
For the Rate Year Ending December 31, 2019
(\$000's)

	Company			Adj. No.	Staff Adjustments	As Adjusted by Staff	Revenue Increase	After Increase
	Initial Filing	Preliminary Update	As Updated					
Operating Income Before Tax	\$ 37,702	\$ 1,177	\$ 38,879		\$ 4,909	\$ 43,788	\$ (7,067)	\$ 36,721
Interest Expense	(12,881)	243	(12,638)		494	(12,144)		(12,144)
Book Income Before FIT	<u>24,821</u>	<u>1,420</u>	<u>26,241</u>		<u>5,403</u>	<u>31,644</u>	<u>(7,067)</u>	<u>24,577</u>
Flow-Through Items								
Add: Additional Taxable Income & Unallowable Deductions								
Book Depreciation-Method/Life	-		-	7a.	24,472	24,472		24,472
Method/Life Depreciation - Flow-Thru - Existing	(593)	4,805	4,212	7b.	(4,212)	-		-
Method/Life Depreciation - Flow-Thru - Proposed	167	352	519	7c.	(519)	-		-
Book Depreciation on Cost of Removal - Existing	-	(4,695)	(4,695)	7d.	4,695	-		-
Book Depreciation on Cost of Removal - Proposed	-	(518)	(518)	7e.	518	-		-
Deduct: Nontaxable Income & Additional Allowable Deductions								
Tax Depreciation - Flow-Through	-		-	7f.	(24,954)	(24,954)		(24,954)
Lien Date Property Tax	-	(331)	(331)			(331)		(331)
Cost of Removal - Existing	-	(945)	(945)			(945)		(945)
Cost of Removal - Proposed	(915)	901	(14)			(14)		(14)
Tax Gain/(Loss) on Disposition of Assets - Existing	51	51	102			102		102
Tax Gain/(Loss) on Disposition of Assets - Proposed	-	13	13			13		13
Total Flow Through Items	<u>(1,290)</u>	<u>(366)</u>	<u>(1,656)</u>		<u>-</u>	<u>(1,657)</u>	<u>-</u>	<u>(1,657)</u>
Section 2: Normalized Items								
Method/Life Depreciation - Normalized - Existing	(8,318)	516	(7,802)			(7,802)		(7,802)
Method/Life Depreciation - Normalized - Proposed	1,639	(434)	1,205			1,205		1,205
Computerized Software Book Depreciation - Existing	2,804	(549)	2,255			2,255		2,255
Computerized Software Book Depreciation - Proposed	(552)	552	-			-		-
Repair Allowance	(535)	0	(535)			(535)		(535)
263A Capitalized Overheads	(127)	(0)	(127)			(127)		(127)
Management Benefits	(1,496)	(0)	(1,496)			(1,496)		(1,496)
Total Normalized Deductions	<u>(6,585)</u>	<u>84</u>	<u>(6,501)</u>		<u>-</u>	<u>(6,501)</u>	<u>-</u>	<u>(6,501)</u>
Taxable Income or (Loss)	16,946	1,139	18,085		5,403	23,486	(7,067)	16,419
Less: Current State Tax	(187)	(74)	(261)		(351)	(613)	459	(153)
Federal Taxable Income	<u>16,759</u>	<u>1,064</u>	<u>17,823</u>		<u>5,051</u>	<u>22,874</u>	<u>(6,608)</u>	<u>16,266</u>
Tax Computation								
Current Federal Income Taxes @ 21%	3,519	223	3,743		1,061	4,803	(1,388)	3,416
Deferred Federal Income Taxes @ 21%	2,364	20	2,384		-	2,364		2,364
Excess Deferred Federal Income Tax - Property	(1,139)		(1,139)			(1,139)		(1,139)
Excess Deferred Federal Income Tax - Non-Property	72		72			72		72
R&D Tax Credit	-		-	7g.	(65)	(65)		(65)
Federal Income Tax Expense	<u>\$ 4,816</u>	<u>\$ 243</u>	<u>\$ 5,060</u>		<u>\$ 996</u>	<u>\$ 6,035</u>	<u>\$ (1,388)</u>	<u>\$ 4,648</u>

Orange and Rockland Utilities, Inc.
Gas Rate Base
For the Rate Year Ending December 31, 2019
(\$000's)

	<u>Company</u>			Adj. No.	Staff Adjustment	As Adjusted By Staff
	<u>Initial Filing</u>	<u>Preliminary Update</u>	<u>As Updated</u>			
Utility Plant:						
Gas Plant In Service	\$ 828,042	\$ (1,587)	\$ 826,455	8a.1.	\$ (6,150)	\$ 820,305
Common Utility Plant (Gas Allocation)	82,827	1,159	83,986			83,986
Non-Interest Bearing CWIP	2,140	2,556	4,696	8a.2.	(1,000)	3,696
Total Utility	<u>913,010</u>	<u>2,128</u>	<u>915,138</u>		<u>(7,150)</u>	<u>907,988</u>
Utility Plant Reserves:						
Acc. Prov. For Depreciation of Gas Plant In Service	(262,877)	33	(262,843)		769	(262,074)
Acc. Prov. For Depreciation & Amortization of Common Plant	(34,379)	(1,837)	(36,217)		49	(36,168)
Total Utility Plant Reserves	<u>(297,256)</u>	<u>(1,804)</u>	<u>(299,060)</u>	8b.	<u>818</u>	<u>(298,242)</u>
Net Plant	<u>615,754</u>	<u>324</u>	<u>616,078</u>		<u>(6,332)</u>	<u>609,746</u>
Working Capital Requirements:						
O&M Expenditures	8,701	20	8,720	8c.	(497)	8,225
Materials & Supplies	5,351	15	5,366			5,366
Prepayments	9,931	(198)	9,734			9,734
Unamortized Premium & Discount	<u>2,952</u>	<u>(196)</u>	<u>2,756</u>			<u>2,756</u>
Customer Advance Construction	<u>(1,913)</u>		<u>(1,913)</u>			<u>(1,913)</u>
Regulatory Assets & Liabilities						
18-a Assessment	41	(175)	(134)			(134)
Customer Portfolio Shared Earnings	(2,409)		(2,409)			(2,409)
Deferred Tax Liabilities Carrying Charge	(2,175)	(885)	(3,060)			(3,060)
Energy Efficiency	132		132	8d.1.	(132)	-
Excess FIT	(3,344)	(1,872)	(5,216)	8d.2.	476	(4,740)
Interest on Pollution Control Debt	317		317			317
Interest Repair Allowance/Bonus Depreciation	(167)		(167)			(167)
Low Income	1,348	(8)	1,340			1,340
Environ Cost Carrying Charge	(14)	25	11			11
MGP and Other Environmental Sites	4,223	(740)	3,483	8d.3.	(5,088)	(1,605)
Non-Officer Mgmt Variable Pay	(55)		(55)			(55)
Management Audit Expenditure	22		22			22
NYSIT Rate Change	145	74	219			219
Plant Reconcile	(159)	104	(55)			(55)
Property Tax Refund	6,543	(258)	6,285			6,285
Rate Case Incentive	457		457			457
Defer Rate Case Cost	604	170	774			774
R And D Recon	1,139	133	1,272	8d.4.	(1,402)	(130)
Sales of Warwick	(24)		(24)			(24)
Workers Comp Asbestos	69		69			69
Customer Outreach Program Case	6		6			6
Expansion Prog	(2)		(2)			(2)
Tax on Health Insurance Plans	(311)		(311)			(311)
Underground Gas Storage	9,316		9,316			9,316
Unbilled Revenue	4,789		4,789			4,789
Deferred Fuel	1,232		1,232			1,232
MTA Surtax	2,763		2,763			2,763
Merchant Function Charge	(12)		(12)			(12)
Other Regulatory Assets/Liabilities	8		8			8
Subtotal	<u>24,483</u>	<u>(3,432)</u>	<u>21,051</u>		<u>(6,146)</u>	<u>14,905</u>
Accumulated Deferred Income Taxes						
Accelerated Tax Depreciation	(117,469)	(64)	(117,533)	8e.1.	(184)	(117,717)
Repair Allowance	(8,243)	(2)	(8,245)			(8,245)
Capital Overhead 263A	(22,776)	1	(22,775)			(22,775)
ITC	(61)		(61)			(61)
Pension and OPEB Adjustment	-	17	17			17
Accumulated Deferred SIT	(3,601)		(3,601)	8e.2.	(57)	(3,658)
Subtotal	<u>(152,151)</u>	<u>(48)</u>	<u>(152,199)</u>		<u>(241)</u>	<u>(152,440)</u>
Average Gas Rate Base before EBCAP Adjustment	<u>513,107</u>	<u>(3,516)</u>	<u>509,593</u>		<u>(13,216)</u>	<u>496,378</u>
Rate Base (Over) / Under Capitalization (EBCAP)	<u>(43,050)</u>		<u>(43,050)</u>			<u>(43,050)</u>
Total Gas Rate Base	<u>\$ 470,057</u>	<u>\$ (3,516)</u>	<u>\$ 466,543</u>		<u>\$ (13,216)</u>	<u>\$ 453,328</u>

Orange and Rockland Utilities, Inc.
Gas Working Capital Allowance
For the Rate Year Ending December 31, 2019
(\$000's)

	<u>Company</u>			Adj. No.	Staff Adjustments	As Adjusted by Staff
	<u>Initial Filing</u>	<u>Preliminary Update</u>	<u>As Updated</u>			
<u>Materials & Supplies</u>						
Materials & Store General Expense	\$ 5,351	\$ 15	\$ 5,366			\$ 5,366
Materials & Store Common						
Total M&S	<u>5,351</u>	<u>15</u>	<u>5,366</u>			<u>5,366</u>
<u>Prepayments</u>						
Local Property Taxes	8,829	(200)	8,629			8,629
Remarket / Liquidity	118		118			118
Computer License	545	2	547			547
Insurance	104		104			104
PSC Assessment	273	1	274			274
NYS Gross Receipts Tax	61		61			61
Total Prepayments	<u>9,931</u>	<u>(197)</u>	<u>9,734</u>		<u>-</u>	<u>9,734</u>
<u>Cash Working Capital</u>						
Operation & Maintenance Exp.	135,016	(283)	134,742		(1,310)	133,432
Less:						
Purchased Power	61,661		61,661			61,661
Uncollectibles	1,296	(58)	1,238		-	1,238
Regulatory Items (Deferred Charges):						
Research & Development	285	(273)	12			12
System Benefits Charge	465		465			465
18-a Assessment	-		-			-
Environmental Remediation	1,706	(109)	1,597		1,958	3,555
Energy Efficiency	-		-		705	705
Working Capital Requirements	<u>69,604</u>	<u>157</u>	<u>69,769</u>		<u>(3,973)</u>	<u>65,796</u>
<u>Cash Working Capital @ 1/8</u>	<u>8,701</u>	<u>20</u>	<u>8,721</u>		<u>(497)</u>	<u>8,225</u>
<u>Total Working Capital Requirement</u>	<u>\$ 23,982</u>	<u>\$ (162)</u>	<u>\$ 23,820</u>		<u>\$ (497)</u>	<u>\$ 23,324</u>

Capital Structure
Orange and Rockland Utilities, Inc.
For Rate Year Ending December 31, 2019

Per Company - Initial Filing

	<u>Capital</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Average Ratio</u>	<u>Pre Tax Ratio @ 73.87%</u>
Long Term Debt	\$ 746,666,667	51.09%	5.30%	2.71%	2.71%
Customer Deposits	<u>13,360,878</u>	<u>0.91%</u>	0.35%	<u>0.00%</u>	<u>0.00%</u>
	760,027,545	52.00%		2.71%	2.71%
Common Equity	<u>724,221,550</u>	<u>48.00%</u>	9.75%	<u>4.68%</u>	<u>6.34%</u>
Total Capitalization	<u><u>\$ 1,484,249,095</u></u>	<u><u>100.00%</u></u>		<u><u>7.39%</u></u>	<u><u>9.05%</u></u>

Per Company - Preliminary Update

	<u>Capital</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Average Ratio</u>	<u>Pre Tax Ratio @ 73.87%</u>
Long Term Debt	\$ 746,666,667	51.15%	5.24%	2.68%	2.68%
Customer Deposits	<u>12,456,000</u>	<u>0.85%</u>	0.35%	<u>0.00%</u>	<u>0.00%</u>
	759,122,667	52.00%		2.68%	2.68%
Common Equity	<u>728,334,204</u>	<u>48.00%</u>	9.75%	<u>4.68%</u>	<u>6.34%</u>
Total Capitalization	<u><u>\$ 2,246,579,538</u></u>	<u><u>100.00%</u></u>		<u><u>7.36%</u></u>	<u><u>9.02%</u></u>

Per Staff

	<u>Capital</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Average Ratio</u>	<u>Pre Tax Ratio @ 73.87%</u>
Long Term Debt	\$ 746,666,667	51.15%	5.16%	2.64%	2.64%
Customer Deposits	<u>13,360,878</u>	<u>0.85%</u>	1.05%	<u>0.01%</u>	<u>0.01%</u>
	760,027,545	52.00%		2.65%	2.65%
Common Equity	<u>724,221,550</u>	<u>48.00%</u>	8.60%	<u>4.13%</u>	<u>5.59%</u>
Total Capitalization	<u><u>\$ 1,484,249,095</u></u>	<u><u>100.00%</u></u>		<u><u>6.78%</u></u>	<u><u>8.24%</u></u>

Orange and Rockland Utilities, Inc.
Explanation of Staff's Adjustments
For the Rate Year Ending December 31, 2019
(\$000's)

<u>Adj. No.</u>	<u>Explanation</u>	<u>Amount</u>
1	<u>Sales Revenues - Schedule 1</u>	
a.	To reflect Staff's rate year sales revenues forecast. (SGRP)	\$ 30
2	<u>Operation and Maintenance Expense - Schedule 3</u>	
a.	Employee Welfare Expense To reflect Staff's adjustment to the Company's health insurance expense. (Shang)	(875)
b.	Facilities To reflect Staff's proposal of 5-year average of Facilities costs plus inflation. (SRRP)	(149)
c.	Information Technology To impute savings associated with the Oracle partnership. (Manz)	(66)
d.	Ops - Corporate & Shared Services To reflect Staff's proposal of removing training facility lease costs. (SGIOP)	(300)
e.	Ops - Gas Operations To reflect Staff's normalizing adjustment to Leak Repair under Gas Operations. (SGIOP) To remove Residential Methane Detector Rebate program. (SGIOP) Total Adjustment to Ops - Gas Operations	(365) (240) <hr style="width: 100%;"/> (605)
f.	Ops - Engineering To Staff's removal of Pipeline Integrity & Risk Consulting Funds. (SGIOP) To reflect Staff's removal of fund for work Procedure & Standards Enhancements. (SGIOP) To reflect Staff's normalizing adjustments to Ops - Engineering. (SGIOP) Total Adjustment to Ops - Engineering	(75) (125) (666) <hr style="width: 100%;"/> (866)
g.	Gas Energy Efficiency To reflect Staff proposal of amortizing EEPS liability over 6 years. (SMIP)	526
h.	MGP Sites and Other Environmental Cost To reduce MGP deferral amortization related to travelers insurance claims. (SIRP) To increase MGP rate year allowance for full amount of projected spending. (SIRP) To reduce MGP rate year allowance to initial filing level. (SIRP) Total Adjustment to MGP Sites and Other Environment Cost	(1,005) 3,920 (957) <hr style="width: 100%;"/> 1,958
i.	Savings To reflect Staff's imputation of savings associated with the BCO program. (Manz)	(800)
j.	Productivity To reflect Staff's productivity adjustments. (O'Neil) Total Adjustment to Operation & Maintenance Expense	(133) <hr style="width: 100%;"/> (1,310) <hr style="width: 100%;"/>
3	<u>Depreciation</u>	
a.	To reflect Staff's adjustment due to depreciation rate changes. (SGIOP)	(1,391)
b.	To reflect Staff's adjustment for plant in service. (SGIOP)	(92)
	Total Adjustment to Depreciation Expense	<hr style="width: 100%;"/> (1,483) <hr style="width: 100%;"/>
4	<u>Regulatory Amortizations & Deferrals - Schedule 4</u>	
a.	To reflect Staff's adj. to the amortization of 2018 regulatory deferral balance for tax reform. (Shang)	(1,291)
b.	To reflect the correct 3-year amortization expense for R&D O&M Expense Deferral. (Adkins)	(754)
		<hr style="width: 100%;"/> (2,045) <hr style="width: 100%;"/>
5	<u>Taxes Other Than Income Taxes - Schedule 5</u>	
a.	To reflect estimated tax savings from property tax settlement. (SRRP)	(20)
b.	To reflect Staff's adjustment to Payroll Taxes. (O'Neil)	(21)
		<hr style="width: 100%;"/> (21) <hr style="width: 100%;"/>

Total Adjustment to Taxes Other Than Income Taxes

(41)

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Exhibit (SRRP-2)
Schedule 11
Page 2 of 2

Orange and Rockland Utilities, Inc.
Explanation of Staff's Adjustments
For the Rate Year Ending December 31, 2019
(\$000's)

<u>Adj. No.</u>	<u>Explanation</u>	<u>Amount</u>
6	<u>New York State Income Tax - Schedule 6</u>	
	To reflect Staff's SIT adjustments per Schedule 6.	\$ 351
7	<u>Federal Income Tax - Schedule 7</u>	
a.	To reflect Staff's method/life Flow-Thru book depreciation per DPS-653. (Shang)	24,472
b.	To reflect Staff's reclassification to Company's Method/Life Depreciation-Flow-Thru-Existing. (Shang)	(4,212)
c.	To reflect Staff's reclassification to Company's Method/Life Depreciation-Flow-Thru-Proposed. (Shang)	(519)
d.	To reflect Staff's reclassification of the Company's Book Depreciation on COR - Existing. (Shang)	4,695
e.	To reflect Staff's reclassification of the Company's Book Depreciation on COR - Proposed. (Shang)	518
f.	To reflect Staff's method/life flu-through tax depreciation. (Shang)	(24,954)
g.	To reflect R&D Tax Credit. (Adkins)	(65)
	Total Adjustment to Federal Income Tax	<u>(65)</u>
8	<u>Rate Base - Schedule 8</u>	
a.	Average Book Cost of Plant	
1.	To reflect Staff's adjustment to gas Plant In Service. (SGIOP)	(6,150)
2.	To reflect Staff's removal of Tuxedo Farms Dev Project from NIBCWIP. (SGIOP)	<u>(1,000)</u>
		(7,150)
b.	Average Accumulated Depreciation	
	To reflect Staff's adjustment to the Acc. Prov. for depreciation of gas Plant in Service. (SGIOP)	818
	Total Adjustment to Net Plant	
c.	Working Capital - Schedule 9	
	To track Staff's adjustment to Cash Working Capital. (SRRP)	(497)
d.	Regulatory Assets and Liabilities	
1.	To track adjustment related to Staff's Energy Efficiency proposal. (SMIP)	(132)
2.	To track staff's adjustment to the amortization of 2018 Regulatory Liability for tax reform. (Shang)	476
3.	To reduce MGP deferral for insurance claims and rate year expense. (SIRP)	(5,088)
4.	To track adjustment related to gas R&D O&M Expense Deferral. (Adkins)	<u>(1,402)</u>
		(6,146)
e.	Accumulated Deferred Income Taxes	
1.	To track the ADFIT tax effect of Staff's adjustment to book depreciation. (Shang)	(184)
2.	To track the ADSIT tax effect of Staff's adjustment to book depreciation. (Shang)	<u>(57)</u>
	Total Adjustment to Accumulated Deferred Income Taxes	(241)
	Total Adjustment to Rate Base	<u>\$ (13,216)</u>