ORANGE & ROCKLAND UTILITIES, INC.

Third Quarter O&E/Marketing Update

1. Small Business Direct Install Program

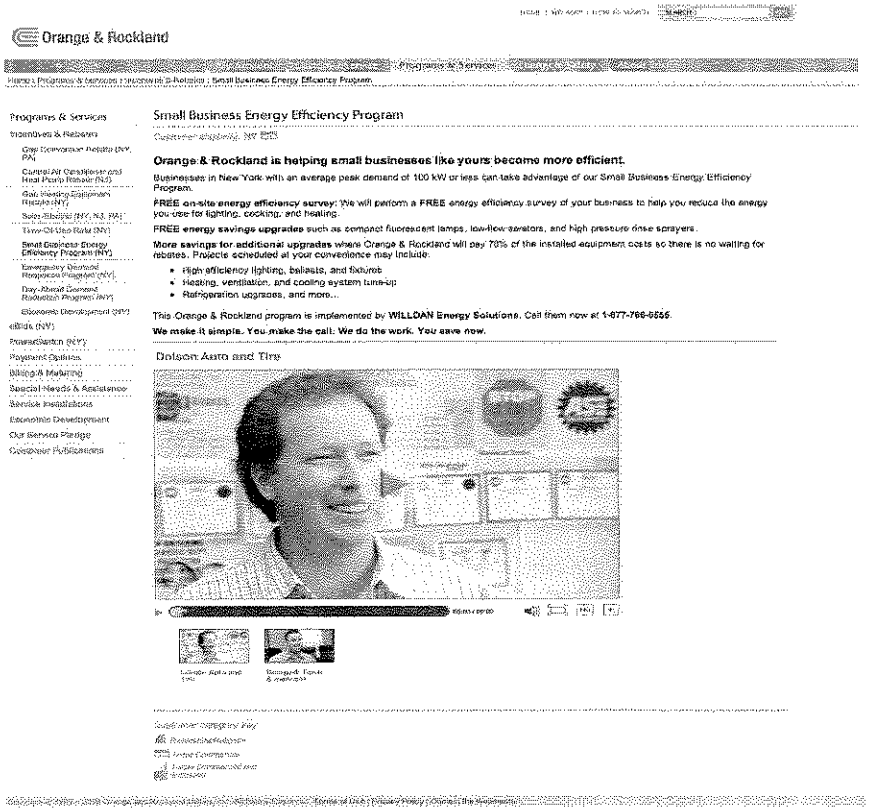
The **Small Business Direct Install Program** is designed to target energy efficient lighting measures in businesses using less than 100 kW of peak demand. O&R contributes 70% of the installed cost of the measure in order to overcome the market barrier of up-front cost. The Program is implemented throughout Orange and Rockland's service territory which includes Rockland County and portions of Orange and Sullivan Counties. Willdan Energy Solutions (WES), 245 Park Avenue, New York, NY 10167 executed a contract with O&R on November 4, 2009 for implementation services.

Third Quarter 2009 Activities:

The Small Business Direct Install Program began implementation on June 1, 2009 while working through a joint RFP process with Con Edison and negotiating with an implementation contractor.

Marketing Activities:

- Established toll free energy efficiency phone number to route customers to program administrators
- Tracked customer information intake while negotiating with implementation contractor
- Established web page which has been refined over the last year
  http://www.oru.com/programsandservices/incentivesandrebates/smallbusinessdirectinstall.html



Customer Events & Outreach:

- **June 3**
  O&R attended the Rockland Business Association (RBA) Green Council Seminar and informed customers of the new programs available. The event drew 125 attendees.

- **September 16**
  O&R sponsored an informational booth at the Orange County Chamber Exposition event drawing over 500 customers.

- **September 18**
  O&R attended the Spring Valley Rotary Club meeting and delivered a presentation about energy efficiency and the newly approved programs available to customers.

O&R Program Administrator discussed the program with various small business customers and leaders throughout the quarter developing a grass roots marketing campaign and building program credibility.

Fourth Quarter 2009 Activities:

Willdan Energy Solutions (WES) was selected as the implementation contractor for O&R's Small Business Direct Install Program. O&R develops marketing materials in coordination with WES.

Marketing Activities:

- Program flier was developed and approved for use in the Program.



OR FLYER_Part1.pdf

- Program survey templates were developed and approved for use in the Program.



O&R Summary Report.pdf

- Information for eligible accounts was provided to WES under a Non-Disclosure Agreement to allow WES to begin a targeted marketing campaign.

Customer Events & Outreach:

- **October 8**
  O&R sponsored a booth and participated at the Rockland Business Association's Business to Business Expo event drawing over 500 customers.

- **December 1**
  O&R and Willdan attended the Orange County Partnership's Annual Event and staffed an informational booth to promote the Small Business Direct Install Program which was attended by over 500 small businesses leaders from Orange County, New York.

O&R Program Administrator discussed the program with various small business customers and leaders throughout the quarter to continue the grass roots marketing campaign and to build program credibility.

First Quarter 2010 Activities:

The Small Business Direct Install Program is working through a ramp up phase with surveys and installs starting in the field. A pipeline for customer intake is developed and tracking underway.

Marketing Activities:

- Letters were sent out to largest 5,000 eligible accounts for the Small Business Direct Install Program on O&R letterhead and envelopes.



Top 5000 letter final.docx

- In coordination with O&R's Public Affairs team, a letter was personally delivered to the over 60 county and local municipalities in O&R's New York service territory.



Letter to OR Municipalities RM...

- WES employees and subcontractors begin working a street sweep targeted campaign which includes cold calling and visiting customers to offer a free energy survey.

Customer Events & Outreach:

- **February 5-7**
  O&R sponsored a booth at the Rockland County Home Show with energy efficiency staff providing program information. Energy efficiency staff also presented the top 10 energy efficiency tips at an interactive forum held each day of the event.

- **March 9**
  The Small Business Program was promoted at O&R's electrical contractor meeting held at the O&R Blooming Grove Facility. The current suite of O&R energy efficiency programs were also promoted to approximately 95 contractors in attendance. Program eligibility and typical measures installed were discussed.

- **March 25**
  The Rockland Business Association (RBA) held their Green Awards presentation. As a major participant in the RBA and sponsor of the event, O&R was recognized and had the opportunity to promote the Small Business Direct Install Program to over 200 RBA members and local business owners in attendance.

Willdan becomes a member of the Rockland Business Association.

O&R Program Administrator continues to discuss the program with various small business customers and leaders throughout the quarter to continue our grass roots marketing initiative and increase program credibility.

Second Quarter 2010 Actvities:

The Small Business Direct Install Program experiences an increase in installations as the pipeline of customers continues to grow. O&R develops customer testimonials to strengthen its marketing campaign and taps its workforce as program ambassadors.

Marketing Activities:

- Customer testimonials and photos are obtained for two early small business program participants
  - Valcrest Stationary and Liquorland

- O&R publishes a lead article about the Small Business Program in its weekly employee publication "Currents" to provide program information to O&R's 1,000 plus employees.



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Customer Energy Services contributes a story about the Small Business Program in O&R's "@ Work" publication that was sent as a bill insert to every non-residential customer in the Company's New York service territory during the May billing cycles.

MAY 2010
@work.pdf

- O&R distributed a press release about the SBDI Program in April 2010.
  - http://www.oru.com/aboutoru/news/2010042101.html

- Several news stories were printed within in our service territory about the Small Business Program in the Rockland Review, the Rockland County Times, the Photo News and the Warwick Advertiser.
  - http://www.sustainableorangecounty.org/o&r-smallbusiness.html
  - http://strausnews.com/articles/2010/10/29/warwick_advertiser/news/21.txt
  - http://www.strausnews.com/articles/2010/04/30/photo_news/news/31.prt

- http://www.strausnews.com/articles/2010/04/30/warwick_advertiser/news/38.prt



O&R Helps
ısinesses Conserve..

- O&R enhanced its web site to include customer testimonials and photographs. On June 24 and June 29, O&R taped customer testimonial videos from two customer participants that will be used on O&R's website and other promotional activities
  - Town of Deerpark
  - Dolson Tire

Customer Events & Outreach:

- **May 6**
  O&R and Willdan sponsored a Rockland Business Association breakfast meeting to promote the Program to small businesses in Rockland County.

- **June 6**
  O&R partnered with the Rockland Economic Development Corporation and NYSERDA to promote its suite of commercial and industrial programs to Rockland County manufacturing firms.

- **June 10**
  O&R sponsored a Rockland Business Association Green Council breakfast meeting and promoted its suite of energy efficiency programs.

- **June 23**
  O&R staff provided an overview of all O&R energy efficiency programs to members of the South Orangetown Rotary. The attendees were primarily small business owners who expressed interest in managing their energy costs.

O&R Program Administrator discusses the program with various small business customers and leaders throughout the quarter to continue our grass roots marketing campaign and increasing program credibility.

Third Quarter 2010 Actvities:

The Small Business Direct Install Program is realizing significant MWh savings monthly as the installation contractor base increases in the field and the pipeline continues to grow. In an attempt to reach as many potential customers as possible, the Small Business Direct Install Program is advertised in four consecutive Sunday publications of the Times Herald Record and the Rockland Journal News. The amount of customer calls from the newspaper advertising was disappointing. After speaking with several small business owners, it was determined that best way to reach the small business community was through a grassroots campaign of chamber, municipal and rotary meetings.

Marketing Activities:

- The Program is advertised in the two largest subscribed newspapers in O&R's New York service territory, the Times Herald Record for Orange and Sullivan Counties and the Rockland Journal for Rockland County coverage. The ads were run in four consecutive Sunday editions from July 11 through August 1.

O & R tear sheet Journal.pdf

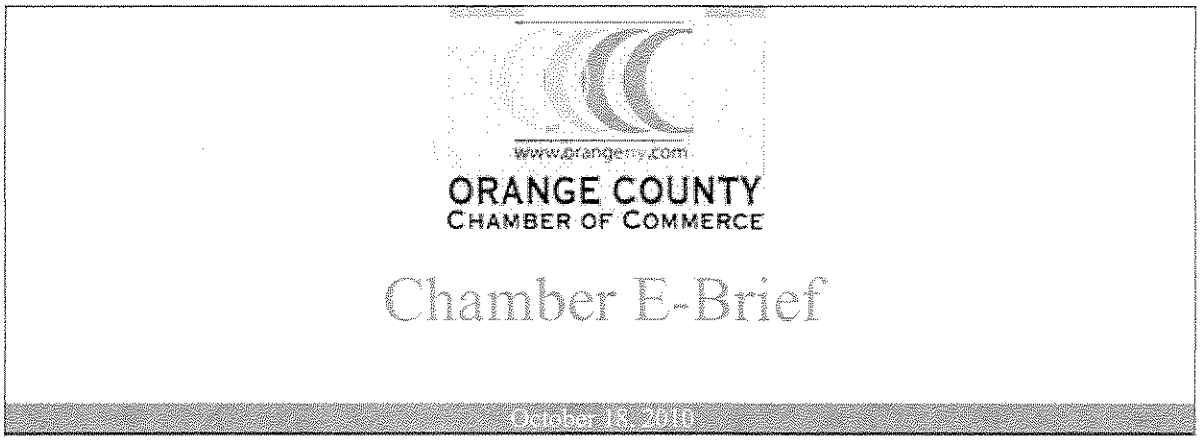
O & R tear sheet THR.pdf

- Over 6,600 information cards about the program were sent via the mail to the largest eligible customers for the program.

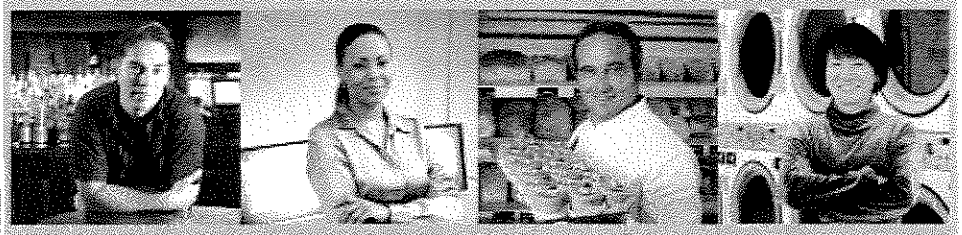
SBDI_OR_5x7_DM 4pg v8 final ref.pdf

- The O&R website was updated to include customer video testimonials and a corresponding press release went out on July 24, 2010.
  - http://www.oru.com/aboutoru/news/2010072601.html

- E-mail blasts were sent by the Orange County Chamber of Commerce to over 1,000 Orange County Chamber members advertising the upcoming breakfast meeting where the program will be discussed.



Cut your energy costs.



Orange & Rockland is helping businesses like yours become more energy efficient and save money.

Don't be left behind.

Take advantage of Orange & Rockland's Small Business Energy Efficiency Program for businesses with an average peak demand of 100 kW or less.

When you schedule a free on-site energy efficiency survey today:

- You receive free energy-saving upgrades.
- O&R will pay 70% of the installed cost of specific energy upgrades.
- Reduced bills cover your investment in months.

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the power OF GREEN

SAVE MONEY.
SAVE ENERGY.
SAVE THE ENVIRONMENT.

Orange & Rockland WILLDAN

HOW MUCH DOES IT COST for Quality, Professional Office Cleaning Services?

RELIABLE CLEANING SERVICES

Find out NOW! CLICK HERE for a FREE online estimate.

Follow us on:

Customer Events & Outreach:

- **September 8**
  O&R hosted an energy symposium at its Spring Valley facility that was attended by over 40 municipalities, schools, contractors and business.

- **September 16**
  O&R sponsored an informational booth at the Orange County Chamber Business Exposition to promote its energy efficiency programs with over 200 exhibitors.

- **September 17**
  O&R presented the program to 25 members of the Nyack Chamber of Commerce.

- **September 28**
  O&R presented the Program to the Village Trustees of South Nyack.

- **September 27**
  O&R met with the Town of Woodbury Supervisor to get municipalities interested in the program as participants and ambassadors.

- **September 30**
  O&R partnered with Central Hudson and Orange County Executive, Edward Diana to participate in Orange County's MEGA Conference that was attended by over 75 people representing municipalities, businesses and school districts to discuss available energy saving options.

Fourth Quarter 2010 Activities:

The Small Business Direct Install Program has built up a 4,750 MWh backlog of surveyed customers and is driving to increase the backlog to allow for more efficient scheduling of installations given customer availability and extensive travel time between customers in our service territory. Willdan has contracted with a local marketing firm, the Byne Group, to assist with program outreach.

Marketing Activities:

- O&R contributed an article on the Small Business Program in its "@ Work" publication that was sent as a bill insert to every non-residential customer in the Company's New York service territory during the October billing cycles.



OCT 2010
@WORK.pdf

- An article was published in the October Orange County Chamber of Commerce newsletter "Viewpoint" about the Small Business Direct Install Program
  - http://www.orangeny.com/chamber/the-business-viewpoint.aspx

- O&R's Small Business Program Administrator was a featured speaker along with NYSERDA and Con Edison at an event hosted by Community Preservation Corporation and the Pace Energy and Climate Center discussing the Commercial and Industrial energy efficiency programs available to customers of the Lower Hudson Valley.

CPC
The Community Preservation Corporation

Pace Energy and Climate Center
PACE LAW SCHOOL

CPC'S HUDSON VALLEY ENERGY SUMMIT

Is Less Than One Week Away!
REGISTER NOW!

Learn about available energy resources from NYSERDA, Con Ed, and Orange & Rockland Utilties, Inc., plus a case study on one of CPC's Green Loans!
Tuesday, November 9, 2010

8:30AM-1PM

This FREE half-day seminar will provide a valuable opportunity for multifamily building owners in the Hudson Valley to learn how CPC's exciting new Green Financing Initiative can be customized to help to refinance and "green" multifamily buildings.

Topics:

- Making Hudson Valley's Multifamily Buildings More Energy Efficient
- Case Study: CPC's Green Financing Initiative
- The ABCs of Energy Audits & Available Resources

Featured Speakers:

Richard Conley, CPC Senior VP
Recently, Mr. Conley spearheaded a partnership with The State of New York Housing Finance Agency (HFA) to close one of CPC's first Green loans providing $3.4M in construction and permanent financing for a 21-story State Mitchell-Lama limited equity cooperative built in 1964 with 207 units located in the Washington Heights section of Manhattan. Currently managing a construction loan portfolio of $120M, along with a substantial permanent loan portfolio, Mr. Conley is responsible for originating new financing in the residential market, including Green loans, permanent Freddie Mac loans, and affordable housing construction loans.

Lindsay Robbins, Project Manager, New York State Energy Research and Development Authority (NYSERDA)

As a Project Manager in NYSERDA's NYC office, Ms. Robbins works on the development & implementation of green building and energy efficiency programs for both existing and new construction multifamily residential buildings. These programs include NYSERDA's Multifamily Performance Program, the Green Affordable Housing Program, the Multifamily Geothermal Program,

the Green Residential Building Program and t Multifamily Carbon Emissions Reduction Program.

Robert Melvin, Program Administrator, Orange and Rockland Utilities, Inc.
Robert Melvin, Program Administrator for Commercial and Industrial Energy Efficiency Programs at Orange and Rockland Utilities is responsible for the Small Business Direct Install Program, which provides robust incentives to business customers with peak demands under 100 kW who install recommended energy efficient equipment. In addition to managing commercial and industrial programs in Orange and Rockland's NY Service territory, Mr. Melvin coordinates energy efficiency programs in the Company's NJ & PA service territories.

REGISTER NOW!

- Willdan retained the Byne Group, a local marketing firm, to assist in developing a more robust marketing campaign heading into December 2010 and 2011.
- Customer Testimonial fliers have been developed to assist in marketing to customers.


Case Studies Final v.1.pdf


DeerParkFinal.pdf

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Customer Events & Outreach:

- **October 7**
  O&R and Willdan sponsored an informational booth at the Rockland Business Association Exposition which was attended by over 300 vendors and visitors.

- **October 12**
  O&R visited with the Nyack Chamber of Commerce to meet with the members to discuss the program.

- **October 18**
  O&R met with the Woodbury Town Council to discuss their participation in the program.

- **October 19**
  O&R presented the Small Business Direct Install Program to the Nyack Rotary Club and the program was well received by the 23 members in attendance.

- **October 26**
  O&R participated in the annual winter gas interruptible customer meeting as a venue to reach additional commercial customers

- **October 29**
  O&R presented the Small Business Program to 20 customers at the Orange County Chamber of Commerce and met with the President of the Tri-State Chamber of Commerce to discuss the program.

- **November 18**
  O&R will present the Small Business Program to the entire Tri-State Chamber of Commerce membership in Port Jervis, New York

- **December 6**
  O&R will present the Small Business Program to the Town Board and Supervisor of the Town of Lumberland.

- **December 7**
  O&R will host an information booth at the annual Orange County Partnership Awards Dinner.

Upcoming Marketing Plan for 2011

O&R will continue to work on the success of its grassroots campaign of meeting with local municipalities, rotary clubs and chambers of commerce. In addition, initial meetings with the Byne Group have been very encouraging. O&R will be reviewing marketing ideas developed by the Byne Group that will focus on strategically located print ads in local newspapers and business journals, web drop down ads on highly trafficked local websites and potential cable advertising. O&R will also leverage additional customer testimonials to demonstrate customer savings and provide credibility to the six month customer paybacks that customers are experiencing to increase participation in the program. With the Small Business Program currently scheduled to expire on December 31, 2011, the premise is to heavily advertise the Program during the first half of 2011 to establish a firm backlog for the entire year.

First – Second Quarter 2011

- O&R will add to our customer testimonial videos.
- O&R will advertise via drop down ads on highly trafficked local websites.
  - Currently researching websites that will add value to a marketing
- O&R will advertise in the Hudson Valley Business Journal which is highly subscribed to by business owners.
- O&R will advertise in local newspapers (Times Herald Record and Rockland Journal) and emphasize customer testimonials and experience with Program.
- Additional meetings with local chambers and rotary organizations
  - Currently scheduling the Suffern Rotary, South Clarkstown Rotary, Warwick Chamber of Commerce, Pine Island Chamber of Commerce and the City of Middletown Small Business Association.
- Direct marketing will continue for the larger eligible customers
  - Direct mailings
  - Phone calls
  - Site visits by Willdan and O&R energy efficiency staff

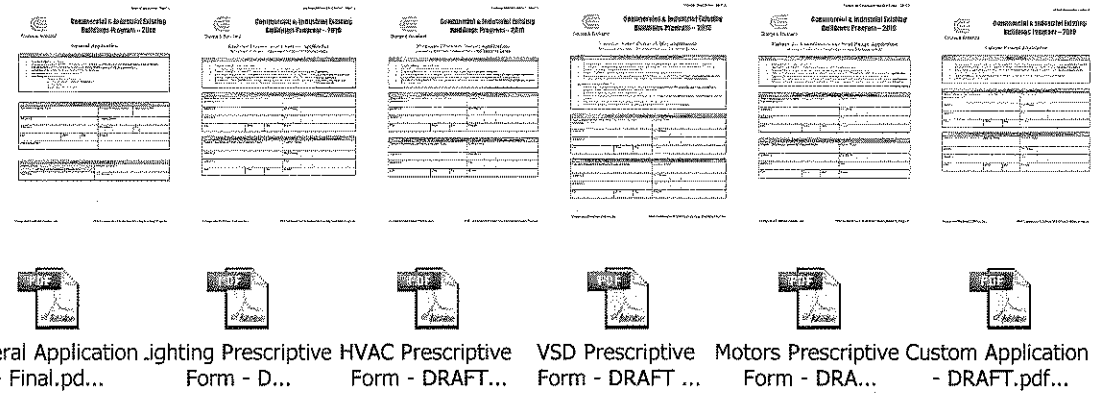
2. Commercial & Industrial Existing Buildings Program

The O&R Commercial and Industrial (C&I) Existing Buildings Program is designed to encourage commercial and industrial customers to install high-efficiency equipment in their facilities. All New York commercial and industrial customers that have an active electric account with Orange & Rockland, contribute to the System Benefit Charge (SBC) and are installing the energy efficient electric measures in an existing facility are eligible to participate in this program. The program offers both prescriptive and custom rebates.

First Quarter 2010 Activities:

Marketing Activities:

- Established toll free energy efficiency phone number to route to program administrators
- Designed applications for the prescriptive and custom portion of the program



General Application - Final.pd... | ighting Prescriptive Form - D... | HVAC Prescriptive Form - DRAFT... | VSD Prescriptive Form - DRAFT ... | Motors Prescriptive Form - DRA... | Custom Application - DRAFT.pdf...

Second Quarter 2010 Activities:

Initial meetings are scheduled with large customer accounts to explore opportunities for participation in the program. O&R Large Power Representatives attend a full of day training on energy efficiency and the Program and begin to meet with large customers and promote efficient lighting, HVAC, motors and custom projects. Initial findings show that interior lighting upgrade measures are pursued the most.

Marketing Activities:

- Distribution of applications begins at various forums

Customer Events & Outreach:

A full day of training is held with O&R Large Power Representatives so they can discuss the program details with large customer accounts. The Large Power Representative begin to promote the program to key account contacts and decision makers at their respective accounts.

- **April 1**
  A full day of training on energy efficiency and the Program is held for over a dozen of O&R key staff that will promote the Program.

- **June 6**
  O&R partners with the Rockland Economic Development Corporation (REDC) and NYSERDA to promote commercial and industrial programs to manufacturing firms located in Rockland County.

- **June 10**
  O&R sponsored a Rockland Business Association (RBA) Green Council breakfast meeting and promoted its energy efficiency programs.

- **June 23**
  O&R provided an overview of all O&R energy efficiency programs to members of the South Orangetown Rotary. The attendees were business owners who expressed great interest in managing their energy costs.

Third Quarter 2010 Activities:

Steve Orman, an energy engineer, is hired in August to administer the Program for O&R. Meetings are scheduled with key personnel at major accounts to discuss the Program and the first applications are received from customers to be processed. Projects include high bay lighting replacements in a warehouse, installation of an energy management system in a large retail space and rooftop AC replacements for a manufacturing facility.

Marketing Activities:

An application package is developed containing all eligibility requirements and program information to promote the Program. Multiple application packets are distributed at various events and applications are emailed out to interested customers.

Customer Events & Outreach:

Face to face meetings with ten large accounts in the service territory are conducted. The types of facilities visited cover a wide range of customer segments including manufacturing, pharmaceutical, warehouse, large retail, healthcare and office buildings. Target contacts at each account include key players and decision makers including owners, facility engineers, project engineers and maintenance personnel. Meetings were also scheduled with lighting and HVAC contractors to promote the program. The vast majority of projects discussed are for lighting upgrades ((T12 to T8, HID high bays to T8/T5 High Outputs), HVAC equipment replacements and variable speed drives (VSD) upgrades. Inquiries are also made concerning efficiency upgrades to process equipment such as compressors.

- **September 8**
  O&R hosted a breakfast meeting to promote energy efficiency programs at its Spring Valley facility that was attended by representatives from over 40 municipalities, schools, contractors and businesses.

- **September 16**
  O&R sponsored a booth at the Orange County Chamber Business Exposition to promote its energy efficiency programs with over 200 exhibitors present.

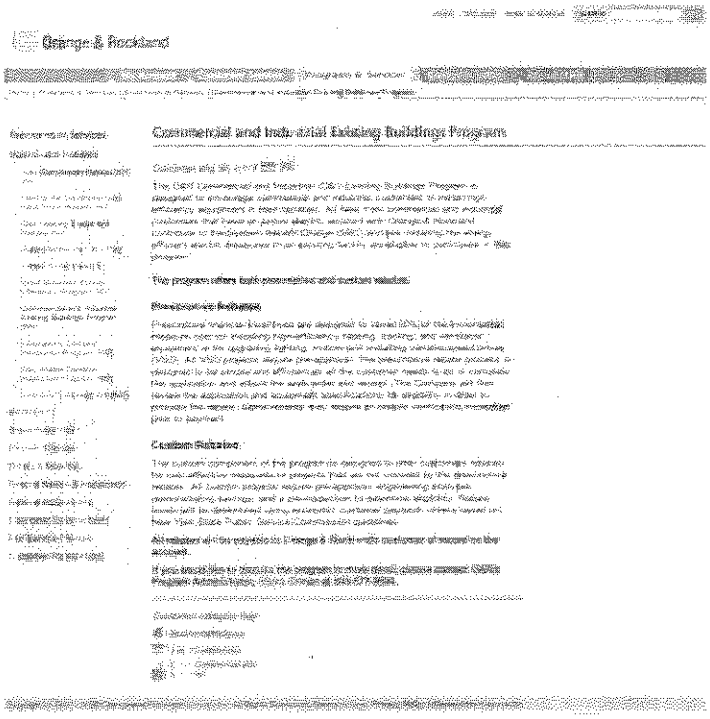
- **September 30**
  O&R in collaboration with Central Hudson and Orange County Executive, Edward Diana, participated in Orange County's MEGA Conference that was attended by over 75 people representing municipalities, businesses and school districts to discuss ways to save money and energy.

Fourth Quarter 2010 Activities:

Additional face to face meetings with large customer accounts are arranged. Applications continue to be submitted for processing. Again, lighting upgrades (T12 to T8, HID high bays to T8/T5 Highs) appear to be the more prevalent projects.

Marketing Activities:

A Web link and page is created on the O&R web site. This will include access to PDF versions of each form so applicants can complete forms electronically.



- **November 9**
  O&R meets with an advertising firm to discuss a marketing vehicle for the Program and the design of a program brochure. Possible strategies discussed include direct mailer as well as a broadcast email vehicle.

Customer Events & Outreach:

- **October 7**
  O&R sponsored an informational booth at the Rockland Business Association Exposition in Park Ridge NJ which was attended by over 300 vendors and visitors.

Upcoming Marketing Plan for 2011

Orange and Rockland will continue to promote the Program through various vehicles including press releases, brochures, direct mail as well as continued face to face meetings with facility engineers, managers and owners. The initial responses to the program have been quite favorable and we expect more activity in the coming months. It should be noted that due to the large scale of some of these projects, that applications may take longer to process relative to other programs. In addition to the above, O&R expects more traffic via its web site as more potential applicants can easily download the pertinent application(s) directly from the site and "electronically" enter the information. Also, as a rather large warehouse lighting project has just been completed, O&R intends to leverage this as a customer testimonial in support of the program that can be used in program marketing.

3. Residential High Efficiency Gas Heating Systems Program

The **Residential High Efficiency Gas Heating Systems Program** marketing approach includes outreach and education directed to the target market of residential gas customers and to trade allies serving that market. Promotional efforts such as bill inserts, announcements in company and customer newsletters, the ORU.com website, media advertising, attendance at community events and trade shows as well as contractor training events are utilized to communicate key messages including the economic and environmental benefits of selecting a higher efficiency HVAC solution as well as announcing other related initiatives.

O&R recognizes that trade allies, HVAC contractors, are critical market actors in the Program's success. Given that the program is targeting replacement gas heating and water heating equipment, the replacement decision is often made when the existing unit is failing. This limits the time many customers have to consider alternatives. Contractors are therefore a key factor to program success as they can often drive the customer decision at the point of sale and define the value proposition of the energy efficient unit. O&R has established an ever-growing contractor base and where possible, Building Performance Institute (BPI)) and North American Technician Excellence (NATE) contractor pools are sought out and included in the trade ally network. O&R energy efficiency personnel discuss program details with all contractors to ensure an understanding of eligibility and efficiency level measure requirements.

Third Quarter 2009 Activities:

The program was launched on July 1, 2009 and the Company had planned to hire and an implementation contractor to assist with marketing and customer intake of both the electric and gas HVAC rebate programs. While the procurement process was undertaken with Con Edison, O&R staff began implementing both the electric and gas rebate programs internally with the intention of handing off these program implementation activities once the implementation contractor was selected.

Initial marketing efforts were put on hold so that internal program implementation could be managed with a marketing campaign kickoff after the implementation contractor was selected and engaged. A program page was added to the Company's website, a toll free customer access telephone was established and internal O&R staff program outreach to HVAC contractors was initiated.

Marketing Activities:

- Established toll free energy efficiency phone number to route customers to program administrators
- Established web page which has been refined over the last year
- Developed rebate forms and tracked customer intake
- Initiated O&R outreach to local HVAC contractors and trade allies

Customer Events & Outreach:

- **June 3**
  O&R attended the Rockland Business Association (RBA) Green Council Seminar and informed customers of the new energy efficiency programs available. The event drew 125 attendees.

- **September 16**
  O&R sponsored an informational booth at the Orange County Chamber Exposition event drawing over 500 customers.

- **September 23**
  O&R presents all the energy efficiency programs to the Spring Valley Rotary Club (Business, Residential). The event drew approximately 20 local business owners.

Fourth Quarter 2009 Activities:

Program participation increases as the heating season begins and the number of HVAC contractors working in the Program increases due to the rigorous O&R staff outreach. Late in the fourth quarter, O&R was notified by PSC Staff that the Residential High Efficiency Electric HVAC Program would be suspended on December 31, 2009. Since the electric HVAC program contained the majority of the implementation budget proposed for the combined electric and gas HVAC program, the implementation vendor was no longer interested in the contracting with the Company and O&R decided to continue implementation internally based on its very positive experience to date.

Marketing Activities:

- O&R continues outreach to HVAC contractors.

Customer Events & Outreach:

- **October 8**
  O&R sponsored a booth and participated at the Rockland Business Association's Business to Business Expo event drawing over 500 customers.

- **November 1**
  O&R staffed a table top display at the Greenwood Lake Library with program information.

- **December 9**
  O&R staff presented the energy efficiency program benefits and energy savings tips to the Suffern Women's Club.

First Quarter 2010 Activities:

Program participation into the first quarter of 2010 remains strong. After learning that the program implementation would not be outsourced, O&R began to develop materials and make arrangements for conducting program marketing internally. This included creating a bill insert and reserving additional bill inserts for the second and third quarter of 2010. The program was performing well above the

average monthly savings goals and as a result, the Company achieved its combined 2009/2010 energy goal in March of 2010. PSC Staff was notified that the 2011 rebate funds would need to be available in the second quarter of 2010 in order to avoid interruption of the program. Pending approval of the availability of 2011 funding, the Company was cautious to move forward with planned marketing efforts.

Marketing Activities:

- HVAC contractor meeting was held in Blooming Grove to inform contractors of program eligibility and efficiency levels needed to obtain rebates for the specified equipment.

Customer Events & Outreach:

- **February 5-7**
  O&R sponsors a booth at the Rockland County Home Show. Customer Energy Services staff members also spoke at Home Show seminars on "How to Save Energy and Money" and highlighted O&R and NYSERDA programs that customers may be eligible for.

- **March 9**
  Contractor meeting was held at the O&R Blooming Grove facility. Customer Energy Services conducted contractor program training and discussed the current suite of O&R programs with approximately 95 attendees.

Second Quarter 2010 Activities:

Participation through the first heating season was strong and Staff agreed to allow O&R to move 2011 rebate funding forward into 2010 to avoid program interruption. At the end of the second quarter, the June 24th Public Service Commission Order established a significantly higher program budget and goal. This additional budget allocation is significant and should allow the program to continue at higher participation volumes.

Marketing Activities:

- Additional funding allows for increased media advertising
- Bill insert is developed
- Program brochure is developed

Customer Events & Outreach:

- **April 13**
  A contractor meeting, primarily for plumbing contractors was held at the O&R's Blooming Grove facility and about 75 contractors attended. Customer Energy Services reviewed the program requirements and application forms with interested contractors.

- **May 1**

O&R staff presented program overview and energy efficiency tips to Suffern Parent Teachers Association.

- **May 2**
  O&R staff hosted table top display and program information for the Rockland County Solid Waste Management-Rockland Recycles Event.

- **May 18**
  O&R staffed a booth at Senior Awareness Day, providing program materials and answering questions regarding energy efficiency.

- **June 23**
  O&R staff made a presentation to South Orangetown Rotary club members providing an overview of all energy efficiency programs.

- **May 12-June 9**
  A bill insert is mailed out with all residential customers gas bills.

Third Quarter 2010 Activities:

As a results of the additional funding available in the June 24th 2010 PSC Order, the program marketing efforts are increased to include a updated web page, a new bill insert design and program brochure with a consistent program "look". Contractors now use the new brochures to supplement their high efficiency equipment sales efforts.

Marketing Activities:

- Contractor Meeting
- Bill Insert – November
- @Home - Customer news letter feature
- Promo panel on home page of the oru website
- New program brochure is designed

Customer Events & Outreach:

- **July 13**
  O&R staff provided talk on energy efficiency tips and program overview at the First Baptist Church, Spring Valley.

- **July 17**
  O&R staff hosted informational table at 12th Annual Port Jervis Arts Walk.

- **September 9**
  O&R presented the energy efficiency program suite at Pearl River Rotary Club Luncheon.

- **September 15**

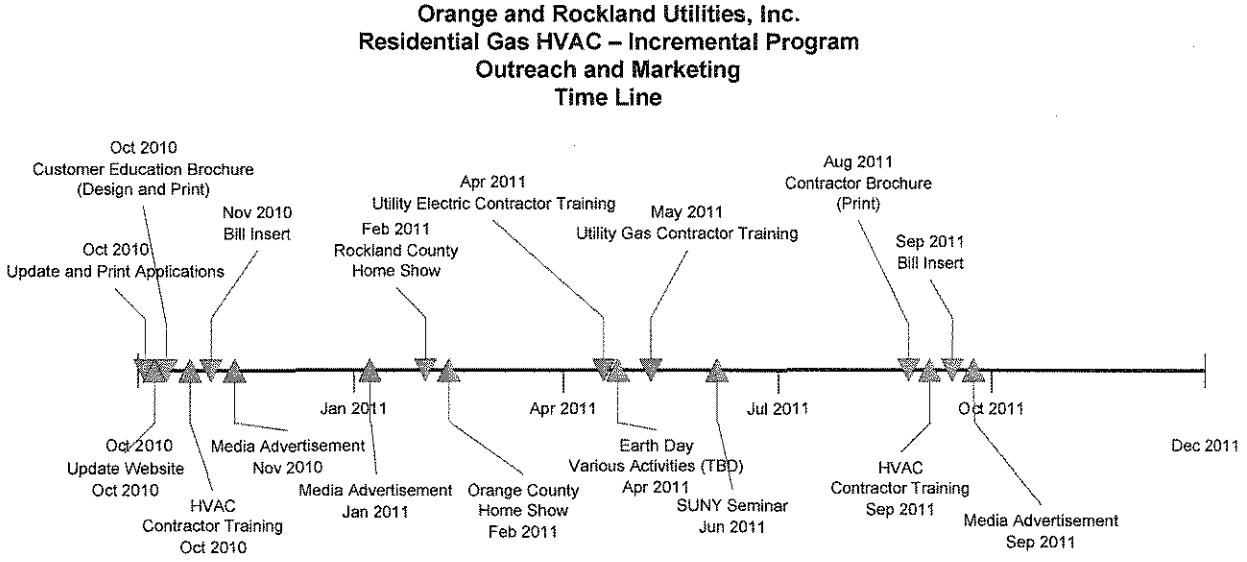
O&R provided energy efficiency program information at Orange County Chamber of Commerce Exposition.

- **October 19**
  O&R conducts a contractor meeting to discuss new collateral materials and rebate amounts associated with June 24th PSC Order.

Fourth Quarter 2010 Activities:

The program continues to perform beyond the monthly savings goals needed to meet the additional energy savings goals established by the June 24th PSC Order. The Company has reserved additional bill insert for February and October of 2011. Print media advertising in local news papers is also planned for the end of 2010 and early 2011. Finally, the successful strategies of creating strong contractor relationships, effective grass roots campaign, and utilizing the known successful strategies of bill inserts and customer news letter will be continued in 2011. O&R is cautious to commit to a strong outreach effort at the end of 2011 without assurance that the program will be continued into 2012.

Proposed Marketing
First – Fourth Quarter of 2011



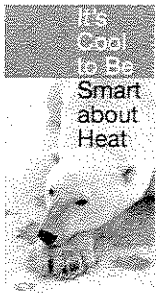
Attachments

Residential High Efficiency Gas HVAC Program Website Page

Programs & Services
Incentives & Rebates
Gas Conversion Rebate (NY, PA)
Central Air Conditioner and Heat Pump Rebate (NJ)
Gas Heating Equipment Rebate (NY)
Solar Electric (NY, NJ, PA)
Time-Of-Use Rate (NY)
Small Business Energy Efficiency Program (NY)
Emergency Demand Response Program (NY)
Day-Ahead Demand Response Program (NY)
Economic Development (NY)
eBids (NY)
PowerSwitch (NY)
Payment Options
Billing & Metering
Special Needs & Assistance
Service Installations
Economic Development
Our Service Pledge
Customer Publications

Gas Heating Equipment Rebate Program

Customer eligibility: NY



Receive a rebate from O&R and reap the benefits year after year.

Here's how to benefit from our New York Residential Energy-Efficient Gas Heating Rebate Program — replace your old, inefficient gas heating equipment with new high-efficiency systems and get a rebate from O&R. Most important, you'll save significant energy and lower your bill every heating season.

What equipment qualifies?

The new equipment must be a natural gas system and installed on a New York residential O&R gas account.

Furnaces: New forced hot-air units are required to meet a minimum Annual Fuel Utilization Efficiency (AFUE) of 90.

Hot Water Boilers: Boilers typically heat by circulating heated water through radiators or baseboards. The replacement boiler must meet a minimum AFUE level of 85 to qualify for a rebate.

Steam Boilers: Replacement boilers that circulate steam must meet a minimum AFUE of 82 to qualify.

Boiler Reset Controls: This device allows hot water boilers to adjust the heating system's temperature to the temperture outdoors to optimize the efficiency of the boiler.

Indirect Hot Water Heaters: Only indirect water heaters qualify for a rebate under this program. An indirect water heating system uses the main furnace or boiler to heat a fluid which circulates through a heat exchanger in the water storage tank. The energy stored by the water tank allows the furnace to turn on less often, resulting in efficient energy use.

Thermostats: Only ENERGY STAR rated thermostats installed with a new gas heating system qualify for the rebate program. A limit of two thermostats per account applies.

Duct Sealing: To qualify, the duct sealing must be performed on the distribution system of a forced-hot-air gas furnace by a Building Performance Institute certified contractor. Leak testing must be completed and documented before and after the work is done. Complete duct system replacement or new ductwork does not qualify.

Rebate Schedule

Equipment	*Eligibility Requirements*	*Rebate*
Furnace	AFUE 90 or greater	$140
Furnace	AFUE 92 or greater with ECM	$260
Furnace	AFUE 94 or greater with ECM	$420
Water Boiler	AFUE 85 or greater	$350
Water Boiler	AFUE 90 or greater	$700
Steam Boiler	AFUE 82 or greater	$350
Boiler Reset Control		$70
Indirect Water Heater		$210
Programmable Thermostat	Must be installed with new furnace or boiler. Must be ENERGY STAR-rated. (Limit 2)	$18
Duct and Air Sealing	Must be completed by BPI certified contractor	Up to $420

AFUE — Annual Fuel Utilization Efficiency
ECM — Electronically Commutated Motor

How to get your rebate

Instruct your contractor to install equipment that meets eligibility requirements. Ask your contractor for an O&R rebate program application, or obtain one from us by calling 1-877-852-5678 or e-mailing Scott Markwood. Complete the application, attach proof of equipment purchase and mail to:

Orange and Rockland Utilities, Inc.
Residential HVAC Rebate Program
390 West Route 59
Spring Valley, NY 10977

Please allow 6-8 weeks for processing. You may be contacted to schedule a brief visual inspection of the equipment by O&R at a time convenient for you.

Customer category key:
Residential
Small Commercial
Large Commercial and Industrial

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Residential High Efficiency Gas HVAC Program Bill Inserts

Equipment	Eligibility Requirement	Your REBATE
Furnace	AFUE 90% or >	$200
Furnace w/ECM	AFUE 92% or >	$300
Furnace w/ECM	AFUE 94% or >	$400
Water Boiler	AFUE 85% or >	$500
Water Boiler	AFUE 90% or >	$1,000
Steam Boiler	AFUE 82% or >	$500
Programmable Thermostat	ENERGY STAR® (must be installed with qualifying unit) Limit two.	$25
Duct/Air Sealing	Performed by BPI Certified Contractor	$250
Boiler Reset Control		$100
Indirect H2O Heater		$200

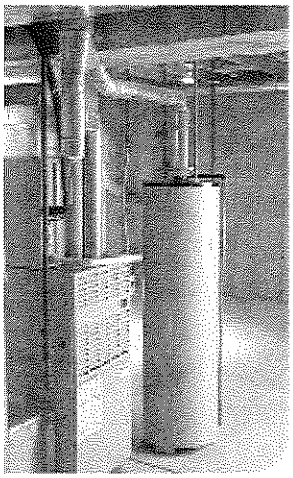
AFUE - Annual Fuel Utilization Efficiency ECM - Electronically Commutated Motor BPI - Building Performance Institute

Make an investment in your home and our environment. When you switch to a high efficiency natural gas unit, you get:

- a rebate from O&R;
- increased comfort;
- lower monthly natural gas consumption; and
- ongoing savings on your monthly gas bills.

By living more energy efficiently and saving money, you're also helping the environment.

Rated in regional page walkthroughs. 1005-7069-R



Is your old, inefficient gas heating equipment or water heater due for retirement?

Here's a way to go green and save some green.

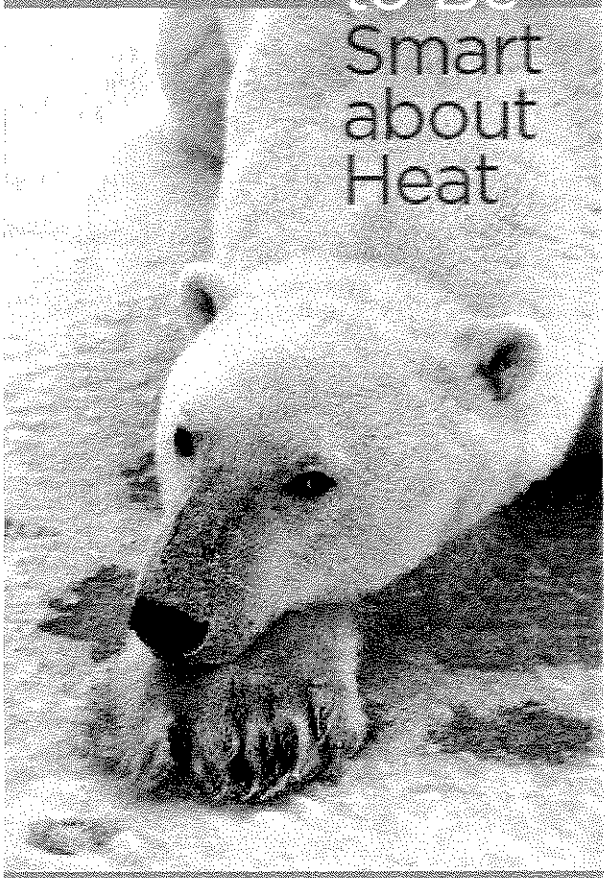
Orange and Rockland is offering rebates ranging from $200 - $1000 toward the cost of replacing inefficient gas equipment with high efficiency units.

Eligibility requirements and their corresponding rebate amounts are listed on the back page. Rebates for eligible installations are limited, so ACT NOW!

For more information, go to **www.oru.com/gasrebates** or call **1-877-852-5678** during normal business hours.

Orange & Rockland

It's Cool to Be Smart about Heat



Orange & Rockland

Receive a rebate from O&R plus save money year after year. And help the environment too.

Here's how to benefit from our Residential Energy-Efficient Gas Heating Rebate Program—replace your old, inefficient gas heating equipment with new high-efficiency systems and get up to a $1,000 rebate from O&R. Most important, you'll save significant energy and lower your bill every heating season.

What equipment qualifies?
The new equipment must be a natural gas system and installed on a residential O&R gas account.

Rebate Schedule

Eligible Equipment	Eligibility Requirement	Rebate
Furnace	AFUE 90 or greater	$140
Furnace	AFUE 92 or greater with ECM	$280
Furnace	AFUE 94 or greater with ECM	$420
Water Boiler	AFUE 85 or greater	$350
Water Boiler	AFUE 90 or greater	$700
Steam Boiler	AFUE 82 or greater	$350
Boiler Reset Control		$ 70
Indirect Water Heater		$210
Programmable Thermostat	Energy Star rated	$ 18
Duct & Air Sealing	Blower door and duct blaster assisted air sealing by BPI-certified contractors	$420

AFUE: Annual Fuel Utilization Efficiency
ECM: Electronically Commutated Motor
EF: Energy Factor

To get started—Call our Energy-Efficiency Hot Line at 1-877-852-5678 or visit us at www.oru.com/gasrebates

Orange & Rockland

Residential High Efficiency Gas HVAC Program Brochure

Receive a rebate from O&R and enjoy the benefits year after year.

You'll save money, lower your bill and help the environment too.

Here's how to take advantage of the Program. Choose one of the qualifying equipment upgrades listed in the rebate schedule. Ask your contractor if the equipment you select qualifies for a rebate from O&R.

Make sure the contractor you select is familiar with the Program requirements and can help you complete the application process.

Most important, your contractor must install the equipment properly to ensure that it operates at its highest efficiency during the heating season.

To get started, call your Energy Efficiency Partner or visit us at www.oru.com to get information and applications.



Energy Saving Tips

Learn to use your new programmable thermostat: It's estimated that for every one degree you set back the temperature for a 24-hour period, you will save three percent of your heating cost. So, if you set the temperature back from 72 to 68 degrees, you may save up to 12% of your heating costs.

Maintain your new heating system: Regular maintenance will increase the life of your heating system and keep it operating at top efficiency. Ask your contractor to recommend a regular maintenance schedule.

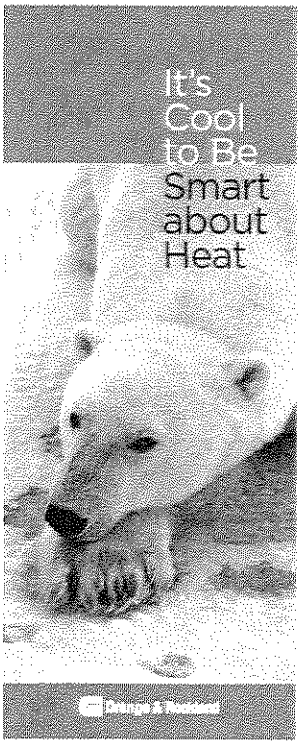
Keep your heating distribution system clear of obstructions: Keep furniture or other items clear of baseboards, radiators and registers. These can block the heat from entering and circulating in the room. Clean and vacuum baseboards, radiators and registers so they can more efficiently transfer heat.

Tax Credits:

Homeowners who make certain energy-efficient improvements to existing homes may qualify for a tax credit on their federal tax return. The credit applies to improvements made to energy-efficient heating and air-conditioning systems. For more information on this credit, or for assistance with other tax issues, go to www.IRS.gov or contact the Internal Revenue Service, toll free, at 1-800-829-1040.

Orange & Rockland

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Orange & Rockland

What equipment qualifies?

To qualify, the high-efficiency equipment must be installed at a residence O&R gas customer.

Furnaces: Heat (forced hot air) with an Annual Fuel Utilization Efficiency (AFUE) of 95.

Hot Water Boilers: Space heating (heat by circulating heated water through radiators or baseboards). The equipment must be hydronic heat (steam boilers do not qualify) with an AFUE of 85 to qualify for a rebate.

Steam Boilers: High-efficiency steam boiler with an AFUE of 85 to qualify.

Boiler Reset: Controls that vary the temperature of water supplied to the heating system according to outdoor temperature.

Indirect Hot Water Heaters: Only available when purchased as an upgrade to a boiler that qualifies for a rebate. The indirect water heater must be installed by the boiler contractor at the same time as the boiler.

Programmable Thermostat: Only available when purchased as an upgrade to a boiler that qualifies for a rebate. The thermostat must be installed by the boiler contractor at the same time as the boiler.

Thermostats: Only ENERGY STAR® rated programmable thermostats qualify for a rebate. Visit www.energystar.gov for more information on ENERGY STAR rated products. A list of qualified thermostats is also available at www.oru.com/gasrebates.

Duct Sealing: To qualify, the duct sealing must be performed on the distribution system of a forced-hot-air gas furnace by a Building Performance Institute certified contractor. Leak testing must be completed and documented before and after the work is done. Complete duct system replacement or new ductwork does not qualify.

Rebate Schedule

Eligible Equipment	Eligibility Requirement	Rebate
Furnace	AFUE 95 or greater	$140
Furnace	AFUE 95 or greater with ECM	$260
Furnace	AFUE 96 or greater with ECM	$400
Water Boiler	AFUE 85 or greater	$350
Water Boiler	AFUE 95 or greater	$700
Steam Boiler	AFUE 82 or greater	$350
Boiler Reset Control		$ 70
Indirect Water Heater		$210
Programmable Thermostat	Energy Star rated	$ 75
Duct & Air Sealing	Blower door and duct blaster assisted air sealing by BPI-certified contractors	$420

AFUE: Annual Fuel Utilization Efficiency
ECM: Electronically Commutated Motor
EF: Energy Factor

How to get your rebate.

Instruct your contractor to install equipment that meets eligibility requirements. Ask your contractor for an O&R rebate program application, or obtain one from us by calling 1-877-852-5678. Or visit our Web site at www.oru.com/gasrebates and e-mail us to request one. Complete the application, attach proof of equipment purchase and mail to:

Orange and Rockland Utilities, Inc.
Residential HVAC Rebate Program
390 West Route 59
Spring Valley, NY 10977

Residential High Efficiency Gas HVAC Program @ Home Customer Newsletter Articles


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