06-E-1433
testimony

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February 2, 2007

VIA EXPRESS MAIL

Honorable Jaclyn A. Brilling
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Case 06-E-1433 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Electric Service

Dear Secretary Brilling:

Pursuant to the Ruling on Procedure and Schedule issued January 18, 2007 by Administrative Law Judge Liebschutz, as modified by the Judge Liebschutz's Ruling Revising Procedure and Schedule issued February 1, 2007, I enclose 25 copies of the testimony of the following witnesses, submitted on behalf of Orange and Rockland Utilities, Inc. ("Orange and Rockland"):

- Edward Rasmussen
- Richard Kane
- Kenneth Kosior
- Margaret Lenz
- Angelo Regan
- John Perkins
- Carl Seligson
- Charles Zielinski

As demonstrated by the testimony of these witnesses, Orange and Rockland's current electric rates are just and reasonable and the imposition of temporary rates is therefore unwarranted. The evidence submitted by the Company demonstrates that forecasted earnings are materially less than the earnings achieved by the Company during the recently expired rate plan, materially less than the earnings that both CPB and Staff have speculated that the Company would achieve on a going forward basis, and are not excessive.

Copies of Orange and Rockland's testimony have been sent by e-mail today to Judge Liebschutz and all active parties, with hard copies to follow. Please contact me if you have any questions regarding these comments.

Very truly yours,

John L. Carley

John L. Carley
Assistant General Counsel

c: ALJ Liebschutz
Active Parties List

NEW YORK PUBLIC SERVICE COMMISSION

ELECTRIC CASE 06-E-1433

ORANGE AND ROCKLAND UTILITIES, INC.

VOLUME 1

TESTIMONY

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF WITNESSES

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ORANGE AND ROCKLAND UTILITIES, INC.
DIRECT TESTIMONY OF
EDWARD J. RASMUSSEN

NYPSC CASE No. 06-E-1433

Q. Please state your name and business address.

A. My name is Edward J. Rasmussen. My business address is 4 Irving Place, New York, New York, 10003.

Q. By whom are you employed and in what capacity?

A. I am employed by Consolidated Edison Company of New York, Inc. ("Con Edison") and hold the position of Vice President and Controller. In my capacity as Controller, I also have the overall responsibility for the financial accounting records and external financial reports of Orange and Rockland Utilities, Inc. ("Orange and Rockland", "O&R", or the "Company") as well as those of Con Edison.

Q. Briefly state your educational background.

A. I graduated from St. Francis College in June 1970, with a Bachelor's Degree in Business Administration. In 1977, I received a Master's Degree in Finance from Long Island University.

Q. Please explain your work experience with Con Edison and your current primary responsibilities.

A. From 1970 to 1987, I worked in the Rate Matters Section of Corporate Accounting in increasing levels of responsibility up to and including Director of the section. In 1987, I was promoted to Assistant Controller responsible for Accounting Research, Payroll and Stores Accounting. In 1990, I was transferred to Manhattan Customer Service as General Manager of Operations

Service responsible for transportation, stores, budgets and personnel. In 1993, I returned to Corporate Accounting as Assistant Controller responsible for various sections within the department. In December 2000, I was promoted to my current position of Vice President and Controller.

Q. Have you been involved in industry-wide utility issues?

A. Yes, for many years I have been an active member of both the Edison Electric Institute ("EEI") and the American Gas Association ("AGA") finance and accounting committees and I am currently a member of the Executive Accounting Committee of EEI. In addition, I have written an article published in the Public Utility Fortnightly and I have been a speaker at many industry forums on matters of concern to the electric and gas industries.

Q. Have you previously testified before this Commission?

A. Yes. I have testified before the Commission in numerous electric, gas and steam rate proceedings.

Q. What is the purpose of your testimony in this proceeding?

A. My testimony addresses whether the Commission should impose temporary rates for Orange and Rockland's electric service, or establish an earnings sharing mechanism. I also address the issue of increasing deferred costs, particularly pension and other post employment benefit ("OPEB") costs.

Q. Please summarize the Company's positions on these issues.

A. For the reasons I discuss below, as supported by the testimony of the Company's other witnesses, the Commission should neither implement temporary rates for Orange and Rockland's electric service, nor impose an earnings sharing mechanism. On the issue of deferred costs, the Company crafted for the Commission's consideration netting deferred credits and charges as of December 31, 2006, and a mechanism to recover the remaining deferred balance over three years by means of a surcharge.

Temporary Rates

Q. What is the backdrop to this proceeding and why is it important?

A. The impetus for this hearing is assertions by both the Consumer Protection Board ("CPB") and the Department of Public Service Staff ("Staff") that the Company's expected earnings in the future are excessive, which prompted the Commission to initiate this expedited proceeding for the consideration of temporary rate action. As explained below, I see no merit to these assertions and will show that they are grossly overstated.

Q. Do you agree that the Commission has the right to institute a proceeding if it believes that the rates of a utility may not be just and reasonable?

A. Yes, I do. However, the Company does not agree that circumstances here provide a basis for the Commission to consider action on either an emergency basis or to implement temporary rates pending a proceeding to consider permanent rates for the Company's electric service.

Q. What assertions have CPB and Staff made regarding the projected earnings for Orange and Rockland's electric service?

A. In its November 8, 2006 Complaint, CPB speculated (Complaint, p. 3) that "the Company's electric earnings will increase beyond the recent 16.17%

level, ceteris paribus," which was the return the Company earned during the twelve months ended June 2006. It further alleged that higher earnings were expected because the Company's electric capital expenditures in 2007 would be approximately $3.7 million less than the expenditures in the twelve months ended June 2006. Then, in its Motion for Interlocutory Review filed with the Commission on January 19, 2007, in response to Administrative Law Judge Liebschutz's (the "ALJ") January 18 Procedural Ruling ("Ruling"), CPB alleged that absent action by the Commission, the Company's electric earnings would increase by approximately 370 basis points, to 19.87%, everything else equal (Motion, p. 6).

Staff drew similar erroneous conclusions from the Company's historical data. In its response to the Company's rehearing petition, Staff attempted to support its request for the immediate establishment of temporary rates by, first, assuming that the Company's financial situation in calendar year 2007 would mirror that of the twelve months ended June 2006, and, second, by utilizing the 9.55% return on equity established for New York State Electric and Gas Corporation ("NYSEG") in Case 05-E-1222 as an earnings cap for the purpose of calculating "annual excess revenues" in 2007 of approximately $19.5 million (Staff Response, pp. 10-11).

These projections not only are based upon unfounded assumptions and speculation, as I discuss in more detail later in my testimony, they also misconstrue fundamental Commission ratemaking policies.

Q. Does the Company project that it will earn at the levels projected by CPB or Staff?

A. No, it does not. As demonstrated by the financial data presented by Company witnesses Kane, Kosior, Regan, Perkins and Lenz, the Company projects that it will earn approximately 11.63% during calendar year 2007, and that earnings will thereafter decline to 10.37% and 9.09%, respectively, in calendar years 2008 and 2009.

Q. Do earnings at these projected levels warrant temporary rate action by the Commission?

A. Absolutely not.

Q. Please explain why.

A. First, as discussed by Company witness Charles Zielinski, a former Chairman of this Commission, and Company witness Carl Seligson, a noted industry expert specializing in financial matters related to the utility industry, temporary rate action should be taken by a utility commission only under extraordinary circumstances and no such circumstances exist for Orange and Rockland. They also explain why such action would call into question the stability of New York regulation of public utilities, the likely perception of the investment community, and the potential adverse ramifications to the Company. They affirmatively contradict assertions made by Staff and CPB in prior pleadings in this case that the Company is not harmed by temporary rate action simply because the Commission has the authority in the permanent rates phase of the proceeding to undue its temporary rate action and presumably make the Company whole. Their testimonies demonstrate that there are potential long-term adverse consequences to a temporary rate action and that the Commission cannot undue the harm simply by writing a check to the Company at some unspecified date in the future.

Q. Please continue.

A. The testimony presented by the Company's other witnesses provide the information requested by the Commission in the Order and additional information necessary to demonstrate that the Company's current rates are just and reasonable and that these rates, in conjunction with the current deferral mechanisms, will not "result in an opportunity for unjust enrichment of the Company and higher rates than necessary for ratepayers" (Order, p. 4).

Q. Are the Company's forecasted operating results based upon the operating conditions on which CPB and Staff based their projected earnings for the Company?

A. No, they are not. The Staff and CPB simplistically and incorrectly assume that the conditions that existed during the twelve months ended June 30, 2006 will also exist in the year 2007. To my knowledge, neither party sought any information from the Company as to the possibility of material changes to operating conditions since June 2006 that could materially, and in fact do materially, impact operating results during the post-rate plan period.

The Company's demonstration properly considers major increases and decreases to its costs during the 2007 through 2009 period. Company witness Lenz presents forecasted sales, which does reflect sales growth, but also reflects the loss of load from the Company's largest customer. Company witnesses Kane and Kosior detail major changes in operating costs. Company witness Regan presents the Company's planned capital expenditures and infrastructure improvements needed for the Company to continue to provide safe and reliable service. Company witness Perkins presents the Company's capital structure.

Q. Why is it necessary to consider this information?

A. Ratemaking in New York has always been based upon reasonable projections of future costs and expenses. To determine future rates solely on the basis of financial results during a historical period would constitute a form of retroactive ratemaking. Contrary to views expressed by CPB and Staff, while operating results during a past period do provide a reasonable <u>basis</u> on which to make future projections, there is no rational basis for making a rate decision on the assumption that such conditions will repeat themselves. Nor should action as extraordinary as establishing temporary rates be based upon a limited period of time in which efficiency gains are achieved, while ignoring reasonably projected operating results and trends during the subsequent period.

Q. Why is necessary to consider operating results for calendar years 2008 and 2009?

A. The operating results for these years bring into focus the Company's projected earnings for calendar year 2007, as compared to the twelve months ended June 30, 2006, confirming the Company's projections for a continuing downward trend from the earnings achieved during the recently expired rate plan. As set forth in Exhibit E-4, Schedule 1, page 1 and Exhibit E-7, Schedule 1, and as discussed in the testimony of Company witness Kane, the Company's 2007 – 2009 forecast return on equity would be 11.63%, 10.37% and 9.09%, respectively, absent any change in base rates.

And, while the Company does not know at this time when it may need to initiate efforts for a permanent increase in its base electric delivery rates, rate stability is a demonstrated goal of the Company.

As Company witness Kane explains, Orange and Rockland has not increased its base electric delivery rates in 12 years and the Company's electric delivery rates today are, effectively, more than 20% lower than they were in 1994 when adjusted for inflation. Neither the Company's earnings during the recently expired rate plan, nor the earnings that the Company is forecasting for the 2007-2009 period, could reasonably constitute the Company's being unjustly enriched.

Moreover, it bears mention that neither CPB nor Staff has alleged poor or declining service or reliability by O&R, or under-expenditures on critical operation and maintenance ("O&M") or capital programs, as factors associated with its past or projected earnings. In fact, as demonstrated by Company witness Regan, the Company is moving forward with a comprehensive capital program on its own initiative. I recognize that CPB makes mention of a $3.7 million decrease in capital spending between the twelve months ended June

30, 2006 and the twelve months ended December 31, 2007, which I will address later in my testimony.

Q. Are there other reasons why the imposition of temporary electric rates for Orange and Rockland is totally inappropriate?

A. Yes. As noted by Company witness Seligson, the projected earning levels are neither excessive nor unreasonable based upon the computation of a reasonable rate of return using established methodologies, or as compared to the earnings of other utilities, or in light of the 12.75% sharing threshold in the Company's recently-expired rate plan, which both CPB and Staff supported. In fact, the pleadings submitted by CPB and Staff in this proceeding have obfuscated the difference between the return on equity that the Commission has used to design base delivery rates and the return on equity the Commission has considered for the purpose of earnings sharing thresholds in the context of multi-year rate plans that it has adopted.

Q. Please explain.

A. As indicated above, in projecting that the Company will have annual excess revenues of $19.5 million, Staff not only assumes without any basis that the Company's current operations will produce earnings at the same 16.17% level achieved during the twelve months ended June 2006, it ignores the fact that the 9.55% ROE was established in the NYSEG proceeding for the purpose of designing base electric delivery rates and that NYSEG is not currently subject to either an earnings cap or an earnings sharing threshold. In doing so, Staff seeks to characterize as excess earnings more than 300 basis points above

9.55% that the Company would have been entitled to keep if the earnings sharing mechanism in its recently-expired rate plan had continued in effect. Notably, neither Staff nor CPB has alleged that the 12.75% earnings sharing threshold is unreasonable, nor is there anything else in the record on which to find that the 12.75% earnings sharing threshold should not be the measure for purposes of their analyses.

Q. Do you believe that customers are being harmed by the rates in effect for Orange and Rockland, as CPB and Staff allege?

A. Again, I must say absolutely not. When customers are paying rates that are effectively more than 20% lower today than they were in 1994 when adjusted for inflation, I do not understand how the Commission could find that customers are being harmed because the Company, through efficient operations, will achieve earnings at a rate of return higher than what the Commission might use if it were setting rates today in the context of a permanent rate proceeding.

As I indicated above, during the past 12 years, the Company has reduced its base rates to reflect the impact of increased operating efficiencies and sales growth. I am not aware of any other electric utility in this State that has been able to reduce and/or freeze its rates for this long a period of time. The Company's recently expired electric rate plan marked a period of steady progress in operations and customer service, and capital spending that exceeded the capital spending forecasts on which the rate plan was predicated. It was also a period in which the Company successfully responded to numerous challenges including record peak demands, repeated storm activity and significant other challenges, including the threatened closure of the Lovett plant. To my knowledge, this Commission has never sought to eliminate or reduce the investors' share of earnings after the expiration of a rate plan by means of temporary rates, and there is no basis for its doing so for the first time in the case of Orange and Rockland's electric service.

Q. In its Complaint, CPB states (p. 3) "higher earnings are also expected because the Company projects its electric capital expenditures in 2007 will be approximately $3.7 million less that the twelve months ended June 2006." Is this a correct statement?

A. No, it is not. CPB misunderstands the impact of the projected reduction in capital expenditures in calendar year 2007 as compared to the twelve months ended June 30, 2006. As a point in fact, capital additions, even if lower than in the past year, have the impact of decreasing the Company's earnings, not increasing them. Exhibit E-2, Summary, shows that the Company's rate base will grow by over $66 million between the twelve months ended June 30, 2006 and the twelve months ended December 31, 2007. The carrying cost on this additional investment (i.e., depreciation expense, property taxes and financing costs) will have the impact of <u>reducing</u> the Company's earnings, not increasing them, from the levels experienced during the twelve months ended June 30, 2006.

Q. Does this $3.7 million reduction indicate that the Company is cutting back on its capital program?

A. No, it does not. First, CPB erroneously compared the $58.9 million in capital expenditures that was projected for 2007 to the spending in the third year of the recently-expired rate plan. Instead, the projected capital expenditures for 2007 should be compared to the average level of spending over the whole term of the recently expired rate plan of $42.1 million per year (i.e., total capital expenditures of $126.4 million / 3 years), not just the third year of the rate plan. In addition, the Company's Capital Budget for 2007 that was approved by its Board for 2007 increased the expenditure level by $5.3 million to $64.2 million. This increase is primarily attributable to the increase in the cost of transformers that the Company has experienced over the last several months.

Q. Does the Company expect that its level of construction expenditures will continue at this higher level beyond 2007?

A. For calendar years 2008 through 2011, the Company projects it will spend $66.0 million in 2008, $58.8 million in 2009, $62.2 million in 2010, and $70.2 in 2011.

Q. Are there any other factors that the Commission should take into account when considering whether to make temporary a portion of Orange and Rockland's electric rates?

A. Yes. The temporary rate action contemplated by the Commission would, if implemented, create a new asymmetrical regulatory paradigm in which regulatory lag becomes a one-way street, where positive benefits would be captured immediately for the customer while recovery of increased costs would still require a rate filing process that exceeds a year (including the 11-

month suspension period) before a utility could recover increased costs in rates. As a result, the Company would no longer be permitted to share in management's productivity efforts, which would provide a negative signal to investors that there is no upside potential to utility earnings.

Such action would therefore likely have an adverse impact on the current ratemaking framework that encourages the active parties to utility rate proceedings to work towards comprehensive, multi-year rate plans. These collaborative efforts often produce solutions to many issues in a manner that balances the interests and positions of normally adverse parties that cannot be accomplished through litigation. While rate plans normally are in effect for a defined period of time, they do include specific terms that identify the items in the plan that continue beyond the period covered by those plans and the items in the plans that sunset at the expiration of the rate plan. The process of developing rate plans will continue to be viable only if the parties to that process can reasonably rely on the entire package of terms and conditions being honored until the next time permanent rates are established.

In fact, the 12-year history of O&R's electric rates serves as a very positive example of a successful collaborative process. Customers benefited through 20% reduction in rates in real terms and the Company was able to achieve a reasonable, but not an excessive, return. The introduction of a temporary rate action, which was never contemplated during the negotiation process or factored in to the many give and take concessions on both sides, would do irreparable damage to future negotiations.

Q. Please continue.

A. As discussed by Company witnesses Seligson and Zielinski, the setting of temporary rates would have a far reaching effect on how New York regulation is viewed by the investor and the investment community, and on the Company itself.

The Commission should also bear in mind that as a publicly traded company, O&R's parent, Consolidated Edison, Inc. ("CEI") would be required to disclose, and bring attention to, such action by the Commission. While the imposition of temporary rates may not have a material impact on the consolidated operating results of the parent company, it would send a negative message to investors and lead to a perception that there is greater regulatory risk for investor in utility companies that operate in New York State.

Treatment of Deferred Costs

Q. Do you believe that the mere level of deferred costs should bear on the Commission's determination as to temporary rates in this proceeding?

A. The Company is deferring pension/OPEB expenses, environmental remediation costs, and R&D expenses pursuant to Commission-approved mechanisms. Any action to limit the recovery of these deferred should be considered only in the context of a permanent rate proceeding, where the deferral mechanisms were established and/or continued. The potential for limiting the recovery of pension/OPEB costs is particularly troubling.

Q. Why is that?

A. The deferral of pension/OPEB costs reflects the Company's participation in the full reconciliation program established by the Commission's Pension Policy Statement. This Policy Statement is intended to protect both customers and investors from the volatility of pension/OPEB costs independent of the rate-setting process. The Company elected to participate in this program based upon the symmetrical treatment of these very material and volatile costs. It would be highly improper and confiscatory for the Commission to unilaterally limit the Company's rights under the Policy Statement to defer costs for any period of time for the purpose of capturing for customer benefit efficiencies that have been achieved for investors pursuant to a Commission-approved rate plan (including the post-rate plan period).

Q. Aren't other New York utilities that participate in the Policy Statement program currently subject to limitations on certain deferred costs, including pension/OPEB costs, when they earn above a pre-established earnings threshold?

A. Yes. However, those limitations were accepted by these utilities and established in the context of a negotiated multi-year rate plan adopted by the Commission. In all of these cases, limitations on deferrals were considered in the context of a myriad of other rate plan provisions, reflecting a balancing of material interests among multiple parties normally having adverse interests. To my knowledge, the Commission has never unilaterally imposed the deferral limitations sought by CPB in this proceeding and O&R's circumstances do not provide a basis for the Commission's doing so here for the first time.

Q. Are there other reasons why it would be improper to limit O&R's recovery of these deferred costs?

A. Yes. The reason for increasing pension/OPEB and environmental remediation deferrals is that the Company's base rates have not been adjusted to reflect changes in these costs for several years. Had such an adjustment been made as part of the recently expired rate plan, there would be no issue today as to the build-up of these deferrals, as the Company would be recovering these higher costs on a current basis in base rates.

As part of its continuing effort to avoid base rate increases, the Company not only agreed to rely upon deferral mechanisms in lieu of a base rate increase to which it would otherwise have been entitled, the Company also agreed to mitigate the then applicable deferral balance of pension/OPEB costs through a write-down of $11 million. To limit the deferral mechanism after-the-fact would be grossly inequitable and effectively penalize the Company through what would be tantamount to retroactive ratemaking.

In sum, deferral limitations that are unilaterally imposed upset the balance between customers and investors in the rate setting process, creating a highly inequitable asymmetry by confiscating all or part of any operating efficiencies achieved by the Company, and result in a rate setting process that is inherently more risky for investors. The asymmetry is even more evident when one considers that there is no comparable policy that makes deferred credits available to utilities when actual earnings are less than forecasted.

Q. How can the build-up of these deferrals be addressed?

A. In its Order (p. 5), the Commission asked the Company to "include proposed changes needed to the pension and OPEB rate allowance to eliminate any increase in deferred balances." (Order, p. 5) As detailed in Company witness Kane's testimony, if the Commission were looking for ways to mitigate the build up of deferrals, either for reasons of rate stability, intergenerational equities, or some other reasons, it could consider current recovery through a surcharge mechanism. Such a mechanism would be particularly appropriate where it can take advantage of energy cost reductions to mitigate bill impacts.

Q. Please continue.

A. The surcharge mechanism discussed in the testimony of Mr. Kane, if adopted by the Commission, would also eliminate the build up of environmental remediation costs and R&D expenses. The size of the surcharge is mitigated by netting the deferred costs against deferred credits recorded on O&R's Books as of December 31, 2006. In this regard, the Company recognizes that this surcharge mechanism may be different and/or more expansive than what the Commission had in mind in the Order. Nonetheless, the Company thought it appropriate to share its thoughts on this important matter at this time, recognizing that consideration of this surcharge may have to wait until a future proceeding.

Q. Would the recovery of these costs through such a surcharge mechanism impact the Company's forecasted earnings?

A. No, it would not. As indicated above, the Company believes that any limitation on its right to fully recover these deferred costs would be confiscatory. The surcharge mechanism simply addresses the timing of the recovery of deferred costs.

Earnings Sharing

Q. The Commission required the Company to "include in its response proposed earnings and sharing thresholds" (Order, p. 5). What is the Company's position with respect to this requirement?

A. For the same reasons discussed above regarding a unilateral imposition of a deferral limitation, the Company believes it would be highly inequitable and totally inappropriate for the Commission to unilaterally implement an earnings sharing mechanism. To my knowledge, earnings sharing mechanisms have only been implemented pursuant to the Commission's adoption of a joint proposal that is supported by the utility and other parties in the context of a multi-year rate proposal.

I don't believe we are in a position to establish a "temporary rate earnings sharing mechanism," since the period of time that temporary rates may be in effect is not known. This is very important because an earnings sharing mechanism normally recognizes the opportunities and incentives for efficiency gains over a known period of time, a utility's ability to achieve earnings that are relatively under its control over such period, and earnings levels that reflect the risks inherent in operating under a known rate plan.

Finally, a decision to impose earnings sharing in conjunction with temporary rates would be viewed as prejudging the temporary rate issue, since it has been my understanding that a potential outcome of the permanent rate proceeding should include the full restoration of the Company to its prior position. Accordingly, it would seem to me that an earnings sharing mechanism should be considered, if at all, only if the Commission decides to not implement temporary rates.

Q. Do you nonetheless have an earnings sharing proposal in response to the Commission's directive?

A. Yes. Should the Commission decide to establish an earnings sharing mechanism, the Commission should continue prospectively the mechanism in the recently-expired rate plan, pursuant to which the Company would begin to share earnings with customers on a 50/50 basis if its earnings exceed 12.75%.

Q. Why should this be the minimum sharing threshold?

A. It is somewhat apparent that this proceeding would not have been instituted had that the rate plan provided for the existing sharing mechanism to remain in place at the end of the term of the rate plan. Accordingly, there is no basis for the Commission to now assume that any lower threshold is appropriate.

Q. Are you proposing to continue any other feature of the existing mechanism?

A. Yes. The rate plan also permitted the Company to apply the customers' share of earnings above the threshold against outstanding deferrals. Continuing that feature would continue the current mechanism "to reduce and eliminate the Pension/OPEB and other outstanding deferrals when earnings exceed certain levels." (Order, p. 5)

Q. Does this conclude your direct testimony?

A. Yes, it does.

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ORANGE AND ROCKLAND UTILITIES, INC.
DIRECT TESTIMONY OF
RICHARD A. KANE

NYPSC CASE No. 06-E-1433

Q. Please state your name and business address.

A. Richard A. Kane, 4 Irving Place, New York, New York 10003.

Q. By whom are you employed and in what capacity?

A. I am employed by Consolidated Edison Company of New York, Inc. ("Con Edison"). I hold the position of Department Manager of Regulatory Filings.

Q. Please explain your educational background, work experience, and current general responsibilities.

A. In May 1976, I received a Bachelor of Science degree in Accounting from Manhattan College. I worked for Con Edison from August 1976 until January 1978 as a staff accountant. I then joined Orange and Rockland Utilities, Inc. ("Orange and Rockland", "O&R" or the "Company") and became Supervisor – Facility Accounting. In 1980, I became Manager – Budgets. In 1989, I became Manager – General Accounting and in 1996, the Accounts Payable Section was added to my responsibilities. As a result of O&R's merger with Con Edison, O&R's Accounting Department was combined with Con Edison's and relocated to Con Edison's headquarters in New York City. After the merger, I continued to be responsible for overseeing O&R's General Accounting Section and Financial Reporting area until March 2003. At that time, I assumed my current position as Department Manager of Regulatory Filings within Con Edison's Corporate Accounting Department. The primary responsibility of the section is to coordinate as well as participate in the Company's rate case applications before regulatory agencies.

Q. Have you previously testified before the New York Public Service Commission ("NYPSC" or "Commission")?

A. Yes, I have previously submitted testimony in various cases.

Q. What is the purpose of your testimony?

A. My testimony supports a number of exhibits that I am sponsoring in this case in response to the Commission's Order to Show Cause ("Order") issued December 15, 2006 in this proceeding. The Order requires Orange and Rockland to show cause why the Commission should not direct the Company to immediately file tariff revisions to reduce its electric rates. In its Order on page 5 the Commission directed that Orange and Rockland include in its submission, at a minimum:

> detailed cost of service, rate base, and capitalization schedules, sales forecasts and work papers to support calculations of earnings for the period ending December 31, 2007. The forecasted calculations of earnings through the end of the year 2007 should be compared to the historic period earnings for the year ending June 30, 2006. Orange and Rockland's response shall include proposed changes needed to the pension and OPEB allowance to eliminate any increase in deferred balances. Other outstanding deferrals for which the Company would seek recovery from customers in the future, such as the electric portion of the Manufactured Gas Plant site remediation costs, should be taken into account, to the extent possible, in developing its proposals for a reduction in electric rates. In addition, Orange and Rockland is directed to include in its response proposed earnings and sharing thresholds and recommended mechanisms to reduce and eliminate the Pension/OPEB and other outstanding deferrals when earnings exceed certain levels.

In her Ruling on Procedure and Schedule ("Ruling") issued January 18, 2007 (at 4) in this proceeding, Administrative Law Judge Liebschutz provided additional guidance as to the contents of the Company's submission. In compliance with the Order and the Ruling, I am sponsoring the revenue requirement and rate base calculations used to develop the Company's cost of service for calendar year 2007. I incorporated the sales and revenue forecast sponsored by Company witness Lenz, the capital structure and cost of debt provided by Company witness Perkins. Company witnesses Regan and Kosior provided me with capital expenditures and certain elements of expense.

I will also discuss a surcharge mechanism that could be implemented to recover current pension, other post employment benefits ("OPEB"), and manufactured gas plant ("MGP") remediation expenditures as well as outstanding deferrals.

Mr. Rasmussen will address the Company's proposal regarding earnings and sharing thresholds and the treatment of accounting deferrals when those thresholds are exceeded.

Q. Please provide an overview of your testimony.

A. In summary, I will:

- Provide an overview of the level of operating revenues, expenses and rate base for the twelve months ending December 31, 2007 as compared to the twelve months ended June 30, 2006;
- Sponsor historic financial statements and statistical data;
- Support the average rate base for the twelve months ended December 31, 2007;

- Sponsor the electric income statement; other operating revenues, taxes other than income taxes, income taxes, the general inflation factor, and the source and use of funds;
- Present certain operating and maintenance ("O&M") expense cost elements and the amortizations of deferred charges;
- Discuss the Company's three-year electric earnings forecast; and,
- Discuss a surcharge mechanism that could eliminate increases in deferred balances for trued up O&M expenses (i.e., pension, OPEB, research and development ("R&D") and environmental remediation costs);

I sponsor the following exhibits and schedules:

Description of Schedule	Exhibit
Historical Financial Data	E-1
Average Electric Rate Base	E-2, Summary, Sch. 1 – 9
Electric Income Statement and Rate of Return	E-4, Sch. 1 – 10
Fund Requirements and Sources	E-4, Sch. 11
Electric O&M Expenses:	
• Purchased Power Costs	E-5, Sch. 1
• Employee & Other Insurance Costs	E-5, Sch. 4
• Regulatory Costs and Amortizations	E-5, Sch. 5
• Pensions and OPEBs	E-5, Sch. 6
• Uncollectible Costs	E-5, Sch. 7

- MGP & Environmental Costs E-5, Sch. 8
- Forecast of Income and Rate Base for Calendar Years 2007, 2008 and 2009 E-7
- General Inflation Factors E-9

OVERVIEW OF CHANGES

Q. What return on equity do you project that O&R will earn during calendar years 2007, 2008 and 2009?

A. Please refer to Exhibit E-4, Schedule 1 and Exhibit E-7, Schedule 1. These summaries show that absent any changes to base rates, the Company would earn 11.63% in 2007, 10.37% in 2008, and 9.09% in 2009.

Q. Please describe the major factors that are reducing O&R's projected return on equity for calendar year 2007, as compared to the twelve months ended June 30, 2006.

A. When comparing operating results for calendar year 2007 to the twelve months ended June 30, 2006, it is important to look at two items - what was the overall change in operating income, which would measure whether sales growth is offsetting increases in operating expense, and what is the change in rate base, which is increasing the Company's financing costs to support new infrastructure investments.

Q. What is the projected change in operating income and rate base?

A. Normalized operating income between the twelve months ended June 30, 2006 and the twelve months ended December 31, 2007 is projected to decrease by

$1.5 million or roughly 3.8%. The factors that are reducing O&R's projected earnings for calendar year 2007 include higher O&M expenses of $5.7 million and higher depreciation expense of $1.1 million offset in part by lower property tax expenses of $5.0 million and all other items, including higher sales of $0.3 million. By contrast rate base is projected to grow by more than $66 million as shown on Exhibit E-2, Summary between the twelve months ended June 30, 2006 and the twelve months ending December 31, 2007. The growth is in rate base related to investments in infrastructure necessary to maintain and improve the electric system. The cost to finance the growth in rate base is the primary factor that is reducing the Company's projected return on equity between the twelve months ended June 30, 2006 and the twelve months ending December 31, 2007.

Q. In light of this development, please respond to the Consumer Protection Board's ("CPB") allegations regarding the Company's level of capital expenditures.

A. In its Complaint to the Commission regarding the Company's electric rates filed with the Commission on November 8, 2006, CPB alleged that the Company will be expecting higher earnings because the Company's electric capital expenditures in 2007 will be $3.7 million less than the twelve months ended June 2006. Company witness Rasmussen in his testimony explains why this allegation is incorrect from a financial perspective. The Company, however, also takes marked exception to CPB's implicit allegation that the Company is somehow skimping on its investment in its electric system.

Nothing would be further from the truth. I would note that Attachment 2 to Company's October 30, 2006 letter to the Staff Director of Accounting to which CPB refers, indicates that the Company had actual electric capital expenditures of $31.1 million in 2003-2004, $32.5 million in 2004-2005, and $62.5 million in the 2005-2006 fiscal time periods. In addition, the Company projected electric capital expenditures of $58.9 million in 2006-2007. As noted in the testimony of Mr. Rasmussen, this amount was subsequently increased to $64.2 million. Moreover, the Company's levels of electric capital expenditures during the period of 2003 through 2006 (i.e., $126.1 million) far exceeded the level of expenditure (i.e., $108 million) for this period contemplated under the Company's last electric rate plan (See, Appendix C of the July 1, 2003 Joint Proposal in Case 03-E-0797). Company witness Regan's testimony discusses the Company's continuing high levels of electric capital plant additions. Taken together, this information plainly contradicts CPB's allegations that the Company is not investing adequately in its electric system.

HISTORICAL FINANCIAL STATEMENTS

Q. Are you familiar with the books and records of the Company?

A. Yes.

Q. Are the accounts of the Company kept in accordance with the Uniform System of Accounts prescribed by the Commission?

A. Yes.

Q. Please describe Exhibit E-1 and each of the supporting schedules.

A. Exhibit E-1 is entitled "Historical Financial Data - Electric" and includes ten supporting schedules.

- Schedules 1 through 5 are balance sheets and supporting schedules as of December 31, 2003, 2004, 2005 and 2006.
- Schedules 6 through 10 are income statements and supporting schedules for the twelve months ended December 31, 2003, 2004, 2005, and 2006.

The data on these schedules have been taken directly from the books and records of the Company except for the average electric plant per customer on Schedule 5 and the unit cost figures on Schedules 8 and 10, which have been computed for the purpose of the respective exhibits. It should be noted that Schedules 1, 2, and 6 reflect total Company operations.

- Schedule 1 shows comparative balance sheets at December 31, 2002, 2003, 2004, 2005, and 2006.
- Schedule 2 is a statement of retained earnings at December 31, 2003, 2004, 2005, and 2006.
- Schedule 3 shows the net book value of electric plant in service by primary account at December 31, 2003, 2004, 2005, and 2006.
- Schedule 4 shows the net book value of common plant in service at December 31, 2003, 2004, 2005 and 2006.
- Schedule 5 shows electric plant in service and the average cost per customer at December 31, 2003, 2004, 2005, and 2006.

- Schedule 6 shows comparative income statements for the twelve months ended December 31, 2003, 2004, 2005, and 2006.
- Schedule 7 is a statement of electric operation and maintenance expenses for the years ended December 31, 2003, 2004, 2005, and 2006.
- Schedule 8 shows electric operating expenses per kWh sold for the twelve months ended December 31, 2003, 2004, 2005, and 2006.
- Schedule 9 is a statement of electric operating taxes, other than income taxes, for the twelve months ended December 31, 2003, 2004, 2005, and 2006.
- Schedule 10 is a statement of electric operating revenues per kWh of electricity sold for the years ended December 31, 2003, 2004, 2005, and 2006.

AVERAGE ELECTRIC RATE BASE

Q. Please explain how the rate base for the forecast year was developed.

A. The Summary Schedule of Exhibit E-2 details the Company's average rate base for the historical twelve months ended June 30, 2006 per books and also shows the forecasted rate base for the twelve months ending December 31, 2007.

Q. What components have you included in rate base?

A. I have included in electric rate base the twelve-month average balance of electric plant in service, the allocated portion of common utility plant, electric plant for future use, and that portion of construction work in progress not subject to an Allowance for Funds Used During Construction ("AFUDC"). I have deducted the accumulated provision for depreciation relating to electric plant in service, the allocated portion of common utility plant and electric plant held for future use, as well as the average balances related to customer advances for construction, accumulated deferred income taxes and accumulated deferred investment tax credits. Finally, I have added working capital, reflected the twelve-month average balance of regulatory assets and liabilities, and deferred income taxes. Schedule 1 shows the monthly balances used to compute electric rate base for the twelve months ended June 30, 2006. Exhibit E-2, Schedule 2 contains the projected monthly rate base balances for the twelve months ending December 31, 2007. The forecasts of accumulated deferred income taxes and accumulated deferred investment tax credits have been derived from the forecast of plant-in-service using the appropriate book and tax depreciation factors. Data supporting the monthly plant in service and accumulated depreciation balances are shown on Exhibit E-2, Schedules 4 and 5, respectively.

Q. What is the purpose of Exhibit E-2, Schedule 3?

A. The NYPSC adopted the earnings base/capitalization comparison to ensure that a return is authorized on investor-supplied capital only. The adjustment originated, in part, because of concerns that the standard working capital allowance formula (the so-called "one-eighth formula") did not accurately measure the working capital devoted to the provision of utility service. The comparison is used to develop what is known as the earnings base, or the capital devoted to providing utility services.

Q. What does the Exhibit E-2, Schedule 3 show?

A. Exhibit E-2, Schedule 3 shows the average rate base and capitalization for the twelve-month period ended June 30, 2006 for electric and gas operations. The Company's average capitalization balance was developed by first calculating O&R's average equity and long-term debt balances for the twelve-month period ended June 30, 2006. This figure was then increased for other funds that are available to support rate base and reduced by amounts of capitalization that are not devoted to the maintenance of rate base.

Q. Has the methodology you have just described been used in prior Orange and Rockland proceedings?

A. Yes.

Q. Is there a difference between capitalization and average rate base for the test period and, if so, what does this require?

A. Yes, there is a difference. Rate base exceeds capitalization, and the amount of this excess that is attributable to electric operations is $22,642,000. Given the nature and purpose of the comparison, twelve months ending December 31, 2007 rate base for electric operations must be decreased by this amount. This adjustment has been reflected in rate base on Exhibit E-4, Schedule 2, Page 1, and in the calculation of the Company's earned return on Page 2.

Q. Please describe Exhibit E-2, Schedules 4 and 5.

A. Schedule 4 shows the monthly plant in service amounts for the eighteen months ending December 31, 2007 and includes the major plant additions shown on Exhibit E-6, Schedule 1. The forecast for electric plant held for future use assumes no change in that component of rate base beyond June 30, 2006.

Schedule 5 shows the forecast of the various components of the accumulated reserve for depreciation through December 31, 2007 utilizing the plant-in-service forecast and the rates used for depreciation of various plant components as of June 30, 2006. The forecast of the accumulated reserve for depreciation for the eighteen months ending December 31, 2007 utilizes the depreciation rates currently authorized by the Commission.

Q. Please describe Exhibit E-2, Schedules 6, 7, 8, and 9.

A. Schedules 6 thru 9 show the forecast of working capital requirements for materials and supplies, prepayments and cash working capital. The cash working capital is derived by first deducting purchased electric costs, uncollectible and regulatory costs and amortizations from the annual O&M expenses shown on Exhibit E-5, Summary. The cash working capital is then calculated by use of the one-eighth formula.

The prepayment balances were forecast based on the estimated cost of the underlying cost element or through the use of general inflation factors. For example, prepaid property taxes, which are the single largest prepayment, are forecasted based on the projected property tax bills. The forecast of insurance premiums was based on the Test Year plus general inflation. The forecasted balances of materials and supplies include plant materials and stores expense. Plant materials and stores expense was forecasted by use of the general inflation factors addressed later in my testimony.

ELECTRIC INCOME STATEMENT AND RATE OF RETURN

Q. Please generally describe how the Company's forecast cost of service was developed.

A. I refer to Exhibit E-4, Schedule 2, Page 1, which is the summary of the cost of service for the historical twelve months ended June 30, 2006 and the twelve months ending December 31, 2007. Column 1 of this schedule contains the actual per books numbers for the twelve months ended June 30, 2006. Operating revenues have been detailed by sales to the public, sales for resale, and other operating revenues. The operating expenses have been broken down into elements of cost, some of which are forecasted directly and others of which are included in a grouping that was escalated by inflation rates supported later in my testimony. The Test Year contains items not specifically related to actual Test Year operations or which may be considered nonrecurring. These items are adjusted through various normalizing adjustments as set forth in column 3 of the Exhibit. The adjusted results for the twelve months ended June 30, 2006 are summarized in column 4. Column 6 reflects conditions in the twelve months ending December 31, 2007 and various rate case adjustments and column 7 reflects the twelve months ending December 31, 2007 absent rate change. Column 9, which is a summation of columns 7 and 8, shows operating income, average rate base and rate of return for the twelve months ending December 31, 2007.

Q. Was the data shown for the twelve months ending December 31, 2007 derived from the per books data shown in the first column?

A. Yes. Each element of cost has been analyzed to further subdivide the basic elements into necessary components for purposes of forecasting the various changes in that cost element for the forecast period. Exhibit E-4, Schedules 3 through 10, supports the remaining cost of service components; sales and revenues, surcharge to recover trued-up O&M and deferrals, other operating revenues, depreciation, taxes other than income taxes, state and federal income taxes, and interest synchronization respectively.

Sales and Revenues:

Q. What was your source for the calendar year 2007 projections of sales and delivery revenues?

A. Company witness Lenz provided me with the projections of sales and delivery revenues. The amounts are shown on Exhibit E-3, Schedule 1 as well as Exhibit E-4, Schedule 3.

Surcharge for True-Up O&M and Deferrals

Q. As discussed below, one means to avoid further increases in O&M expenses that the Company is currently allowed to defer (i.e., pension, OPEB, R&D and environmental remediation costs, as well as to reduce the net outstanding deferred balance as of December 31, 2006), is through a surcharge mechanism. As Mr. Rasmussen explains, if the Commission were looking for ways to mitigate the build up of deferrals, either for reasons of rate stability, intergenerational equities, or some other reasons, it could consider current recovery through this type of surcharge mechanism. Such a mechanism would be particularly appropriate where it can take advantage of energy cost reductions to mitigate bill impacts.

Q. Can you please explain how this mechanism would work and how the amount was computed?

A. The new surcharge would be part of the Company's Energy Cost Adjustment ("ECA"). The calculation of the surcharge is shown on Exhibit E-4, Schedule 4, and reflects the following:

a) The surcharge would allow for all outstanding electric deferred credit and debit balances as of December 31, 2006 to be netted to eliminate large offsetting items. Exhibit E-4, Schedule 4, page 2 of 2 shows that at December 31, 2006, the Company had approximately $20 million of regulatory liabilities. This schedule nets the regulatory liabilities against selected regulatory assets in order to utilize all of the credits leaving a net of approximately $25 million excluding the OPEB Transitional Obligation.

b) For the remaining regulatory asset balances the Company would propose to recover those costs over three years as part of the surcharge. The amounts to be recovered would total approximately $8.7 million per year.

c) Page 1 of Exhibit E-4, Schedule 4, shows the projected level of ongoing pension, OPEB, R&D and environmental remediation costs, as compared to the current rate allowance for those expenses. To the extent that the 2007 level of expense exceeds the current rate allowance, this overage has been added to the annual surcharge.

Other Operating Revenues

Q. How was the forecast of Other Operating Revenues on Exhibit E-4, Schedule 5, developed?

A. The schedule shows three components for other operating revenues, i.e., Miscellaneous Service Revenues, Rents, and Revenue Subject to Refund. I first will discuss Miscellaneous Service Revenues.

Q. Please continue.

A. The line item for Late Payment Charge ("LPC") Revenues was forecasted using the ratio of the historic LPC to sales revenues to develop a factor. This factor was applied to the forecast revenues for calendar year 2007. The next item, "3rd Party Wheeling" was removed from the twelve months ending December 31, 2007, because it is a component of the Market Supply Charge ("MSC"). The next item represents billings to Consolidated Edison Company of New York, Inc. for the carrying charges related to the second 345 KV Circuit, Ramapo to South Mahwah. The forecast of $185,000 is based on the currently billed monthly carrying charge. The next item, "Customer Reconnect Fees" represents the $21 charge to restore customer during other than normal business hours. The next item, "Property Tax Sharing Incentives" is O&R's 10% retention of savings on a cash refund received from the Town of Clarkstown, as allowed under the Company's recently expired electric rate plan. This item was eliminated form the calendar year 2007 projection. Next I projected the revenues from Bad Check Charges at the $35,000 amount that was in the historic period. The three-year average was $32,000. The Sundry System Billing Adjustments were out-of-period entries that were normalized. The charge to revenues for Accommodation Work was transferred to Distribution Expenses.

Q. Please continue with Rents from Electric Property.

A. These rents are projected at the anticipated rental income in the twelve months ending December 31, 2007 based on the Company budget.

Q. Please continue with Joint Use Rents.

A. Joint Use Rents with the Company's subsidiaries, Rockland Electric Company ("RECO") and Pike County Light & Power Company ("Pike"), included an out of period adjustment in the historic year. The level for the twelve months ending December 31, 2007 is $3,446,000 based on the current billings for this item.

Q. What are the items in the next group, Revenue Subject to Refund?

A. The first item, identified as 2000 SIT Transitional Tax Benefits, represents New York State deferred income taxes that are applicable to calendar years prior to 2001 that resulted when the tax laws were changed and required the Company to start paying the New York State Corporate Business Tax in that year. A deferred tax benefit of $6,973,000 was created for operating costs that were deferred in prior periods that will be deducted in the future as they are amortized. In this case we are proposing to pass this benefit back to customers as part of the deferral netting proposal. The next item identified as SIT Rate Differential represents the benefit set aside for customers for "excess" deferred New York State Income Taxes. This "excess" was created when the statutory tax rate was reduced from 10.03% to 9.53% in 2001 and then further reduced to 9.03% in 2002. I am proposing to return this benefit to customers also as part of our deferral netting proposal. Prior Period SIT Passback represents an offset to customer revenues to match SIT surcharges collected from customers. This item is not applicable to the twelve months ending December 31, 2007. The final item, Passback Electric Performance Penalty, represents the Company's proposal to return electric performance penalties incurred by the Company to customers also as part of our deferral netting proposal.

Depreciation

Q. Please describe Schedule 6.

A. Schedule 6 contains two pages; the first page shows the monthly calculation of depreciation expense for electric and common plant for the period from July 1, 2006 through December 31, 2006. The second page shows the monthly calculation of depreciation expense for electric and common plant for calendar year 2007.

Taxes Other Than Income Taxes

Q. Please describe the development of Taxes Other than Income Taxes.

A. Exhibit E-4, Schedule 7, presents electric taxes other than income taxes for the twelve months ended June 30, 2006 and for the twelve months ending December 31, 2007. Taxes other than income taxes include property taxes, payroll taxes, revenue taxes, and other taxes.

Payroll taxes were determined by applying effective payroll tax rates to the forecasted direct labor expense as provided to me by Company witness Kosior. Revenue taxes were determined based on the estimated revenue multiplied by the current tax rates. Other miscellaneous taxes were escalated by the inflation rates to arrive at the twelve months ending December 31, 2007 level of tax expense.

Q. Please describe the method used to forecast property taxes.

A. The property taxes associated with electric operations were derived by taking the latest known property tax bills and recently approved assessment reductions to calculate this expense for calendar year 2007. The tax rate was not projected to increase in 2007. Property taxes have been lower than the target established in the expired rate plan and the pass back of the overcollection as well as property tax refunds received is shown on this schedule.

Q. What do the property tax refund amounts on Exhibit E-4, Schedule 7, represent?

A. The property tax refunds in calendar year 2007 represent previously deferred refunds, net of incentives, from the Towns of Ramapo, Clarkstown, Orangetown, and Haverstraw.

Income Taxes

Q. Please describe how the calculation of state and Federal income tax expenses were performed for electric operations.

A. I will begin with the computation of state income tax, which is shown on Schedule 8 of Exhibit E-4. Starting with operating income before state income taxes ("SIT") for the twelve months ended June 30, 2006 and the various columns for normalizing adjustments and rate case adjustments, I then show the various required tax adjustments to book operating income to determine taxable income. I then computed the amount of SIT payable using the statutory rate of 7.5% applicable to such taxable income. The last column represents the state income tax for calendar year 2007.

Q. Please explain Schedule 9.

A. Schedule 9 details the Federal income tax ("FIT") computation. Starting with operating income before FIT for the twelve months ended June 30, 2006 and the columns for normalizing adjustments and rate case adjustments, I deducted the amount of SIT previously determined on Schedule 8 to arrive at book operating income before FIT. I then show the various required tax adjustments to book operating income to determine taxable income and computed the amount of FIT payable using the statutory rate of 35% applicable to such taxable income. From this payable amount I then reflected certain items as adjustments to taxable income as well as amortizations for items normalized in the calendar year 2007 or in prior periods to arrive at FIT expense.

Interest Synchronization

Q. Please explain Schedule 10.

A. Schedule 10 shows the calculation of the interest deduction included in Schedules 8 and 9. The majority of long term debt has been issued by Orange and Rockland for itself and its subsidiary utility affiliates, RECO and Pike. This adjustment is necessary in order to allocate the proper level of interest expense to each jurisdiction.

OPERATION AND MAINTENANCE EXPENSES

Purchased Power

Q. Please explain the purchased power cost element shown on Exhibit E-5, Schedule 1.

A. The purchased power cost element reflects the actual and forecast purchased power costs for O&R for the twelve months ended June 30, 2006 and calendar year 2007. This cost is matched with the MSC/ECA recoveries shown on Exhibit E-4, Schedule 3.

Employee and Other Insurance Costs

Q. Please describe the costs included in the item "Health and Life Insurance Costs" set forth on Exhibit E-5, Schedule 4, page 2.

A. The first line item on this exhibit includes all costs related to medical, dental, prescription drugs (card and mail order), vision, health maintenance organizations ("HMOs"), life insurance, disability, and accidental death and dismemberment coverage. The amounts are net of reimbursements pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), employee and retiree contributions, capitalized, and recovered amounts.

Q. How does the Company administer its medical benefit plans?

A. The Company's hourly employees are covered under a fully insured Point of Service Plan ("POS") with Aetna US Healthcare ("Aetna"), for which pre-established premium rates are paid. A self-funded POS Plan administered by United Healthcare covers the majority of management employees. In addition to the self-insured plan, management employees are offered the option of enrolling in one of two HMOs. For retirees, the most prevalent coverage is an indemnity type plan administered by United Healthcare.

Q. How does the Company manage its prescription, dental and vision insurance costs?

A. Prescription, dental and vision benefits for employees have been carved out of the medical plans and are administered by Caremark, MetLife, and Comprehensive Professional Systems, respectively. Coverage for employees is provided through self-insured indemnity type plans. Each year the Company reviews industry trends with regards to sharing of cost increases for prescription drug, dental and vision plans. These trends are taken into consideration plan design and employee contribution changes.

Q. What changes has the Company made within the benefit plans over the last several years?

A. Since the merger with Con Edison, Orange and Rockland has moved its health care, prescription drug, dental and vision plans over to the same health care providers used by its Con Edison affiliates. This move has allowed the Company to realize lower administrative fees and the benefits of being part of a much larger group. Medical coverage for all hourly employees is currently with a fully insured POS. Management and retired employees are covered under the self-insured plan administered by United Healthcare.

Q. How else has the Company been aggressive in controlling healthcare costs?

A. The Company has made several modifications to its health care benefits to control the growth of costs. For example, administrators have been changed, deductibles and co-insurance amounts and employee contributions have been increased. Funding has been changed to self-insurance, where and when appropriate.

Q. Have all of these changes been effective in the control of costs?

A. Yes. The Company has focused its management on the problem of spiraling health insurance costs. The Company has made several difficult business decisions and introduced innovative plan design features, which have resulted in lower health care cost increases. With co-insurance payments for example, the cost borne by employees is moving towards 20% of the premiums paid for both union and management active employees. The move towards higher employee contributions has helped to keep the overall level of cost increases experienced by the Company in line with medical trend rates

Q. How were your projections of health and life insurance costs derived?

A. In order to project health insurance costs, I first separated the actual benefit costs for the 12 months ended June 30, 2006 into three groups. The first group included all of the Company's Health Care Plans, Prescription Drug Programs and Dental Plans. The second group was made up of Vision Care costs. The third group contained life insurance and disability plans. For the benefit costs I escalated the actual charges using an overall factor of 8.0%, which was the average level of cost increases the Company experienced over the last three years .

Q. Certain of the medical costs described above also relate to retirees, such as health and life insurance, prescription drug costs, and Medicare Part B payments. Are these costs also included on Exhibit E-5, Schedule 6, page 2?

A. Exhibit E-5, Schedule 4, page 2, contains the pay-as-you-go cost for retiree claim payments made by the Company, net of reimbursements from the VEBA Benefit Trusts. Exhibit E-5, Schedule 6, excludes all of these payments.

Q. Please explain how reimbursements from employees and retirees are reflected in Exhibit E-5, Schedule 4.

A. Exhibit E-5, Schedule 4, includes adjustments to reduce the total medical costs for reimbursements by employees, retirees and surviving spouses. The Company makes several life and health insurance programs available to employees and retirees, their dependents, and spouses of deceased employees and retirees, in which the individual makes payment of the insurance premium. Spouses of some deceased employees and all retirees are offered optional continuation of benefits, for which they are billed a premium. Also included in this category are contributions made by employees and retirees for health coverage. For both hourly and management employees, the contribution amount is based upon the coverage elected (i.e., employee only, employee plus one dependent, employee plus two or more dependents) and the provisions of the Company's current Bargaining Unit Contract. For retirees, the amount is "frozen" at the rate they were paying at the time of their retirement. Contributions stop at age 65. At that point Medicare would become the retiree's primary medical coverage.

Q. When did the Company introduce employee contributions?

A. For hourly employees, contributions were introduced in 1991 as a result of the 1988 contract negotiations with Local Union 503 of the International Brotherhood of Electrical Workers. For management employees, contributions were introduced in 1995.

Q. How were contributions, reimbursements and amounts to be capitalized projected?

A. The actual contributions, reimbursements and amounts capitalized were projected using the same three year average escalation factor of 8.0% that was used to project the benefit costs .

Q. Please describe the other components shown on Exhibit E-5, Schedule 4, page 2.

A. The next line entitled Other Employee Benefit Costs consists of other benefit costs such as employee training, safety shoes and personnel administration. The calendar year 2007 level was based on the twelve months ended June 30, 2006 escalated using the general inflation factor. Property insurance expense represents O&R's share of policies that are administered by Con Edison.

General Liability Insurance includes the cost of self-insured claims up to $500,000 per instance, excess liability premiums (for claims over $500,000), Directors and Officers ("D&O") insurance and a few small miscellaneous policies.

Q. What is the basis for the normalizing adjustment to the twelve months ended June 30, 2006 level of general liability insurance?

A. A normalizing adjustment was made to increase the twelve months ended June 30, 2006 level of general liability insurance costs by $1,279,000 in order to reflect a three-year average of claims paid by the Company. The twelve months ended June 30, 2006 level of expense was then escalated at an annual general inflation rate of 2.4 percent in order to calculate the calendar year 2007 level of expense.

Q. Doesn't General Liability Insurance expense include amounts reserved in order to provide for outstanding claims? If so how is the reserve for claims determined?

A. Yes, the Company's Risk Management and Legal Departments review all outstanding claims annually. A reserve is then provided for each claim up to the Company's self-insurance cap of $500,000. Amounts to be paid over this amount are covered by an excess general liability insurance policy. As claims are settled or new reserves establish, there may be significant fluctuation in the annual level of expenses. This is why it is necessary to normalize the overall level to reflect the average cost over time.

Q. How was workers' compensation costs projected?

A. The twelve months ended June 30, 2006 level of expense was escalated using an inflation rate of 8.0 percent in order to calculate the calendar year 2007 level of expense.

Regulatory Costs and Amortizations

Q. What costs are included in Exhibit E-5, Schedule 5, Page 2?

A. The Regulatory Costs and Amortizations schedule includes the allowance for R&D and the System Benefits Charge ("SBC"). In addition, this schedule includes the amortization of deferred stray voltage expense and storm reserve charges, as well as credits for 1st installed transformers, oil supplier refunds and DSM overrecoveries.

Q. Please address the R&D component.

A. In accordance with previous NYPSC decisions and its 1978 Technical Release, the Company reconciles actual R&D recoveries and expenditures. Electric R&D costs reflect primarily the Company's share of R&D costs included in the NYPSC annual assessment and the electric portion of the R&D costs charged to Orange and Rockland as a shared service. At December 31, 2006, Orange and Rockland had an undercollected balance of $2.9 million. I propose to amortize this undercollected balance over the three-year period ending December 31, 2009. This cost would be recovered through the surcharge mechanism that I discuss below. In addition, Orange and Rockland's electric rates must provide an adequate level of revenue for projected twelve months ending December 31, 2007 R&D expenditures of $991,000. The total R&D allowance I am sponsoring is $1,941,000.

Q. Please address the SBC component.

A. SBC costs are currently recovered through a separate surcharge in rates. The costs shown on this schedule match the revenue recoveries forecast by the Company on Exhibit E-4, Schedule 3.

Q. Please address the category of expense labeled stray voltage.

A. The Commission required Orange and Rockland to perform stray voltage testing pursuant to the Orders it issued on February 11, 2004 and July 21, 2005 in Case 04-M-0159. During the period from June 2005 through October 2006, the Company incurred and deferred approximately $2.5 million of stray voltage expenditures. The Company is proposing that one means of recovering these deferred costs would be though the proposed surcharge mechanism that I discuss below. Since the expiration of O&R's electric rate plan (i.e., November 1, 2006) the Company has been charging all stray voltage program costs to expense. For calendar year 2007, this cost is estimated to be $1.7 million. The estimate of $1.7 million was derived by taking the historical spending of $2.5 million dividing this amount by eighteen months (i.e., June 2005 – October 2006) to arrive at an average monthly expenditure of $141,600. This amount was then annualized ($141,600 x 12) to arrive at the 2007 estimate of $1.7 million.

Q. Please continue with the storm reserve cost component.

A. The storm reserve has been depleted over the last three years and currently has a debit balance of $1,743,000. Deferrals for the storm reserve will be increasing and will need to be addressed in the next base rate case. As a placeholder, I applied available credits as of December 31, 2006 to fund the reserve in much the same manner as it was allowed to in Case 03-E-0797. This adjustment has no impact on O&R projected 2007 earnings because it was offset by applying available credits.

Q. Please address the credit for 1st installed transformers.

A. Orange and Rockland's Property Accounting Department noted an error in 2006 with the level of costs capitalized for 1st installed transformers. Over the last several years the Company was not capitalizing all installation costs for all new transformers. As a result, in December 2006, the Company recorded an entry of $1.7 million to capitalize the proper amount and deferred the credit for the benefit of customers. Information that the Company provided to Staff in Case 03-E-0797 included the Company's projection of 1st installed transformer costs that were expensed at that time rather than capitalized. It is therefore appropriate to refund this amount back to customers, net of depreciation of the capitalized amounts. This credit was included as part of the calculation of the surcharge shown on Exhibit E-4, Schedule 4.

Q. Please address the credit for oil supplier refunds.

A. Over the last several years, the Company has received two refunds from lawsuits undertaken by the Company and other utilities against suppliers that provided the Company with oil that was used as a boiler fuel at the Company's generating stations prior to divestiture. The portion of those refunds applicable to New York customers (i.e., 70%) was included as part of the calculation of the surcharge shown on Exhibit E-4, Schedule 4.

Q. Please continue with the last component regarding demand side management ("DSM").

A. The Company has a number of DSM programs that were funded by customers over a number of years. At this point spending on those programs is minimal and the Company has an over recovered balance of $923,000. O&R is proposing to include this credit as part of the calculation of the surcharge shown on Exhibit E-4, Schedule 4.

Pension and OPEB Costs

Q. Please describe the accounting procedures followed by the Company to record pension costs.

A. The Company's pension expense has been calculated in accordance with the provisions of Statement of Financial Accounting Standards No. 87 ("SFAS No. 87") and the Commission's Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Postretirement Benefits Other Than Pensions (Case 91-M-0890), issued and effective September 7, 1993, ("Pension and OPEB Order"). In accordance with the Commission's Accounting Order dated September 22, 1987 the Company defers any difference, including the income tax effect, between the allowance provided in current rates for pension costs and the corresponding book expense recorded under the provisions of SFAS No. 87. Assumptions used to calculate the Company's SFAS No. 87 expenses are listed and described in the workpapers that are being submitted in support of this Exhibit. Using these assumptions, it was projected that at the beginning of the calendar year 2007, the deferred balance would be approximately $12.4 million, representing an under recovery of the Company's SFAS No. 87 pension expense. It is proposed that this deferred balance be amortized over a 36-month period. Supporting workpapers submitted with the Company's filing show the Company's current rate base deduction and the components of the average monthly balance of deferred pension costs for the twelve months ended December 31, 2007.

Q. How is the Company accounting for the difference between the rate base deductions included in rates and the actual current balance?

A. The Pension and OPEB Order (pp. 19-20) and the Rate Order require the Company to accrue carrying charges on the pension recoveries not deposited into an external fund, in excess of the Company's imputed rate base deduction. In Case 03-E-0797, the imputed rate base deduction was $6.3 million.

Q. Are there other costs included in pension expense?

A. Yes, the Company has a partial 401(K) Matching Plan, whereby the Company matches half of employee contributions into their 401(K) Plans up to a maximum of 6% (equivalent to 3% of employee contributions). The cost for the 401(K) Plan was calculated by taking the actual expense incurred during the twelve months ended June 30, 2006 and escalating the cost using the payroll escalation factor provided to me by Company witness Kosior.

Q. Please describe the accounting procedures followed by the Company to record OPEB costs.

A. Since the adoption of Statement of Financial Accounting Standards No. 106 ("SFAS No 106") on January 1, 1992, the Company has calculated its OPEB obligation in accordance with the provisions of this Statement and in conformity with the Commission's Pension and OPEB Order. Prior to that time the Company used the "Pay-As-You-Go" method for both financial and ratemaking purposes. The Commission's decisions in Cases 93-M-0849 allowed the Company to start recovering current and previously deferred OPEB costs beginning on May 1, 1996. Assumptions used to calculate the Company's SFAS No. 106 expense are listed and described in workpapers that are being submitted in support of this Exhibit. Using these assumptions, at the beginning of calendar year 2007, the projected deferred balance will be approximately $25 million. The deferred balance has two components; the first is the unamortized transitional obligation of $11 million, which is being amortized through December 31, 2012. The second component is the underrecovery of current costs amounting to $14 million, which I am proposing to amortize over 36 months through the surcharge. Consistent with the Pension and OPEB Order, interest is only calculated when OPEB recoveries exceed funding. Since the Company has been able to fully utilize rate recoveries in a tax effective manner to fund its OPEB Obligation, no interest has been accrued.

Q. Please describe the Medicare Part D Deferral.

A. Medicare legislation was enacted in 2004 that grants Medicare recipients a partial reimbursement of prescription drug costs starting in 2006. The projected reimbursement applicable to Company employees and retirees was factored into the estimated OPEB costs calculated by the Company's actuaries. One additional benefit not reflected in their calculations relates to the point that the Medicare reimbursements will not be subject to federal or state income taxes. As a result the Company has estimated and deferred this tax benefit for customers. The ongoing benefit has been reflected as an adjustment to the Company's ongoing state and Federal income taxes on Exhibits E-4, Schedules 8 and 9.

Q. What steps has the Company taken to control OPEB Costs?

A. Since the adoption of SFAS No. 106 in January 1992, the Company has reduced its net periodic costs by (i) the use of "Caps" or limits on the level of benefits to be paid, (ii) the requirement of contributions from retirees to offset a portion of the costs, (iii) the use of mail order drug plans, and (iv) the move to premium based insured plans and HMOs.

Uncollectible Accounts

Q. Please address Exhibit E-5, Schedule 7.

A. Exhibit E-5, Schedule 7, presents the projected uncollectible accounts expense. These projections are based on the ratio of bad debt customer account write-offs, net of collections, to sales to customers for the three-year period ended December 31, 2006. For each one hundred dollars of revenue billed to customers, $0.48 was written off as uncollectible. This ratio was then applied to projected revenues from sales to customers during calendar year 2007. The adjustment to the Test Year level of uncollectible accounts expense is required to adjust the book expense amount, which is determined using the reserve method of accounting, to the average level of customer account write-offs incurred during the last three year period.

Environmental Costs

Q. Please describe Orange and Rockland's former MGP sites.

A. Orange and Rockland and its predecessor companies manufactured coal gas and water gas for local use prior to the introduction of natural gas in the 1940's. The Company has identified the seven sites ("MGP Sites") at which it or its predecessors operated MGP facilities. Pursuant to two Consent Orders that O&R entered into with the New York State Department of Conservation ("NYSDEC"), O&R has been actively investigating these seven MGP sites. In addition, since the execution of these Consent Orders, O&R has identified and investigated another site, McVeigh Road, that contains MGP residues. O&R also has completed remediation at one of its seven MGP sites (i.e., Haverstraw, 93 B Maple Avenue) and has initiated remediation at another (i.e., Nyack).

Q. What costs has Orange and Rockland incurred to date associated with the MGP Sites?

A. Orange and Rockland has incurred costs net of insurance recoveries, of approximately $17 million through December 31, 2006. These costs reflect the work performed at the sites as outlined above. The electric portion of these costs is 70.75% using the allocation procedures adopted in O&R's last rate case.

Q. Has the Company estimated the total cost that it will incur to remediate these MGP Sites?

A. Based on remediation cost estimates developed in April 2004, and after deducting all insurance recoveries, Orange and Rockland has established an estimated total liability of $63.5 million to address all of the MGP Sites. The Company estimates that of this amount, it will incur approximately $25 million through December 31, 2009 on remediation efforts. The Electric Department's share of these costs would be approximately $18 million, excluding carrying charges.

Q. Are there any other potential environmental costs that Orange and Rockland may incur?

A. Yes. Orange and Rockland's West Nyack Operating Center remains listed on the New York State Inactive Hazardous Site Registry. The remediation of impacted soils at the facility was completed in 1999. Quarterly groundwater monitoring was conducted for a period of two years as directed by the NYSDEC. This monitoring has been resumed at the West Nyack facility in response to a request from the NYSDEC. In addition, O&R has conducted an additional subsurface investigation at NYSDEC's request to determine the source of chlorinated solvents in the groundwater at the site. O&R submitted a report to NYSDEC in July 2005 and NYSDEC has requested additional investigation. Quarterly groundwater monitoring will also continue.

GENERAL INFLATION FACTOR

Q. Please address the general inflation factors used by Orange and Rockland as shown on Exhibit E-10.

A. General inflation factors as forecast in the Blue Chip Economic Indicators were utilized to escalate various elements of the cost of service as addressed throughout my testimony and the testimony of other witnesses. Based on this publication dated October 31, 2006, the projected inflation rate for the twelve months ended June 30, 2006 to the twelve months ending December 31, 2007, is 1.057, or 5.7%.

FUND REQUIREMENTS AND SOURCES

Q. Please describe Exhibit E-4, Schedule 11.

A. Exhibit E-4, Schedule 11, presents a statement of sources and application of funds for the twelve months ending December 31, 2007 for Orange and Rockland's Electric Operations. Sources of Funds are broken down into Internal and External Sources. Internal Sources include the change in retained earnings during the twelve months ending December 31, 2007, depreciation, amortizations, and deferred taxes. External Sources include long-term and short-term debt, and common stock equity. The primary use of funds is for construction and the retirement of short-term debt.

THREE-YEAR EARNINGS FORECAST

Q. Have you developed a three-year earnings projection?

A. Yes.

Q. What is the purpose of this forecast?

A. To show that the Company's earnings are forecasted to continue to decline from the levels achieved under the expired rate plan.

Q. Please explain how this three-year forecast was developed.

A. Assuming that current rates are unchanged over the next three years, I projected operating results for calendar years 2008 and 2009 using calendar year 2007 as the base from which projections were developed.

Q. What does the Company's forecast for 2008 and 2009 show?

A. Exhibit E-7, Summary shows that absent rate relief, the Company would earn 10.37% on equity in calendar year 2008 and 9.09% on equity in calendar year 2009.

Q. Please explain how each element of revenue, expense and rate base, as shown on Exhibit E-7, Schedule 2, was projected for 2008 and 2009

A. In developing the Company's projections for 2008 and 2009, the Company utilized a number of supporting schedules, which are included as Schedules 3 through 11 to Exhibit E-7. I will discuss below the source or calculation supporting each such Schedule.

Sales and Delivery Revenues Exhibit E-7, Schedule 3

The forecast of base sales and delivery revenues for 2008 and 2009 were developed by Company witness Lenz. The forecast of MSC and ECA revenues was developed by the Company's Forecast Department. These revenues are matched with the purchased power expenses shown on this Exhibit.

Other Operating Revenues Exhibit E-7, Schedule 4

The calendar year level of Miscellaneous Other Operating Revenues were escalated using the GDP deflator of 2.3% for 2008 and 2.2% for 2009.

Other O&M Expenses Exhibit E-7, Schedule 5

O&M expense were separated into three categories; payroll expenses, expense subject to inflation, and costs not subject to inflation. For payroll expenses, I escalated this cost by factors provided by Mr. Kosior of 3.61% for 2008 and 3.09% for 2009. O&M expenses subject to inflation were escalated using 2.3% for 2008 and 2.2% for 2009. Pensions and OPEB cost projections were based on forecast data provided by the Company's actuaries and shown on page 2 of this Schedule.

Depreciation Expense Calculation Exhibit E-7, Schedule 6

Depreciation was projected by applying the Company's approved depreciation rates against its forecast plant balances.

Taxes Other Exhibit E-7, Schedule 7

It was assumed that the property tax rate would not change over the next several years. The projection of this expense for 2008 and 2009 reflects the impact of additional plant. Revenues Taxes were calculated by applying the effective tax rates to the forecast revenues. Payroll taxes were escalated using the payroll factors provided by Mr. Kosior.

Income Taxes Exhibit E-7, Schedules 8 & 9

Q. Please describe how the calculation of SIT and FIT expenses were performed for electric operations.

A. Starting with operating income before SIT for the 2008 and I computed the amount of SIT payable using the statutory rate of 7.5% applicable to such taxable income. The items detailed as normalizing and rate case adjustments are more fully described on Schedule 8 of this exhibit.

Q. Please explain Schedule 9.

A. Schedule 9 details the FIT computation. Starting with operating income before FIT for the 2008 and 2009, I deducted the amount of SIT previously determined on Schedule 8 to arrive at book operating income before FIT. I then show the various required tax adjustments to book operating income to determine taxable income and computed the amount of FIT payable using the statutory rate of 35% applicable to such taxable income. From this payable amount I then reflected certain items as adjustments to taxable income as well as amortizations for items forecast to be normalized in calendar years 2008 and 2009 to arrive at FIT expense. The items detailed as normalizing and rate case adjustments are more fully described in Schedule 9 of this exhibit.

Rate Base Exhibit E-7, Schedule 10

The average electric rate base for calendar year 2008 and calendar year 2009 was increased to reflect the Company's construction budget net of accrued depreciation, changes in working capital requirements, regulatory deferrals and deferred taxes. Increased depreciation expense associated with the projected plant additions was also reflected.

Q. Do you have any other comments regarding the projected earnings for calendar year 2008 and calendar year 2009?

A. Yes. The projected earnings for calendar year 2008 and calendar year 2009 are based on projections of inflation, property taxes, and construction expenditures developed using the best information available to the Company at the time of this filing. As noted above, that information can change with the passage of time. It is possible that inflation will begin to accelerate causing the Company's operating expenses to increase at a rate greater than that assumed in developing the projected revenue requirements. Also, operating requirements can change causing the need for temporary or permanent changes in resources, including the Company's construction budget.

Interest Synchronization Exhibit E-7, Schedule 11

Q. Please explain Schedule 11.

A. Schedule 11 shows the calculation of the interest deduction included in Schedules 8 and 9. The majority of long term debt has been issued by Orange and Rockland for itself and its subsidiary utility affiliates, RECO and Pike. This adjustment is necessary in order to allocate the proper level of interest expense to each jurisdiction.

PROPOSAL TO RECOVER TRUED UP O&M AND DEFERRALS

Q. Is O&R currently operating under an electric rate plan?

A. No, O&R's electric rate plan expired October 31, 2006.

Q. Did the expired rate plan contain any provisions to recover deferred expenses?

A. Yes, the expired rate plan allowed the Company to apply the customer's share of earnings above predefined thresholds to reduce deferred pension and OPEB balances.

Q. Was the level of pension and OPEB expense included in the delivery rates established by the expired rate plan adequate to recover the annual expense projected at the time of that agreement?

A. No.

Q. The expired electric rate plan reflected the Joint Proposal that was adopted by the Commission in its Order Adopting the Terms of a Joint Proposal and Clarifying a Provision, issued by the Commission on October 23, 2003 in Case No. 03-E-0797 ("Rate Order"). This rate plan covered a forty-month period from July 1, 2003 to October 31, 2006 and provided for no change in base rates during this period other than to transfer the collection of the New York State Corporate Business Tax from a separate surcharge to base rates. The rate plan required O&R to write down deferred pension and OPEB costs during the term of the plan by $11 million. When was the last time that the Commission granted O&R an electric base rate increase?

A. O&R has not had an electric base rate increase since 1994. In fact, O&R's electric rates have been reduced five times since 1995. Overall, O&R's base electric rates are $29 million or 16% lower today than they were in 1995. When recognizing the impact of inflation, base rates are actually more than 20% lower today than they were twelve years ago.

Q. Is Orange and Rockland seeking a base rate revenue increase in this filing?

A. No.

Q. Is the Company seeking any other change in its rate structure?

A. No. The Company has developed, for the Commission's consideration, a surcharge mechanism as a means to eliminate any increase in deferred balances. The surcharge mechanism ("Surcharge") would recover "trued-up" O&M expenses (i.e., pension, OPEB, R&D and environmental remediation costs) as well as the net outstanding deferred balance as of December 31, 2006.

Q. Is this responsive to the directive that the Company take outstanding deferrals other than pension/OPEBs (i.e., environmental remediation costs and R&D costs) into account "to the extent possible, in developing its proposals for a reduction in electric rates?"

A. As indicated in the Company's Petition for Rehearing and Clarification, the Company does not understand how this could be accomplished. However, as discussed by Company witness Rasmussen, the Company shares the Commission's concerns regarding the increasing amounts of deferred costs. A surcharge that would begin to recover these costs on a current basis would help the Commission avoid having to address a large outstanding deferred balance, the next time the Company's seeks an increase in base rates.

Q. Does this conclude your direct testimony?

A. Yes, it does.

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ORANGE AND ROCKLAND UTILITIES, INC.
DIRECT TESTIMONY OF
KENNETH A. KOSIOR

Q. Please state your name and business address.

A. Kenneth A. Kosior, One Blue Hill Plaza, Pearl River, New York 10965.

Q. By whom are you employed and in what capacity?

A. I am employed by Orange and Rockland Utilities, Inc. ("Orange and Rockland", "O&R", or the "Company") where I hold the position of Director – Financial Services.

Q. Please briefly outline your educational and business experience.

A. I graduated from Pace University in 1976 with a Bachelor of Business Administration degree, having majored in Accounting. In June 1980, I received a Masters of Business Administration degree from Fairleigh Dickinson University, having majored in Accounting and Finance. After graduation from Pace, I was employed by Homa Company as a staff accountant. I joined Orange and Rockland in July 1979 as an Associate Accountant advancing to Supervisor-Payroll, Supervisor & Manager-General Accounting where I had the responsibility of administering and supervising all employee related payroll records and subsequently the books and records of Orange and Rockland and its subsidiaries. In June 1989, I was promoted to Manager-Budgets and was responsible for the development and management of the operating and capital budgets. My additional duties included forecasting and analyzing the corporate financial statements. I was named Strategic Analysis Principal in October 1994 and became responsible for developing, analyzing and evaluating corporate direction and business opportunities. In June 1995, I was promoted to Director of Accounting, where I was responsible for the accounting functions of Orange and Rockland and its subsidiaries, including the consolidated financial statements. In July 1999, as a result of the merger involving Consolidated Edison Company of New York, Inc. ("Con Edison") and Orange and Rockland, I was appointed Director-Financial Planning and Administration, now called Financial Services, responsible for providing the coordination for administration, financial, budget and regulatory activities between Con Edison and Orange and Rockland. I have been a member of various accounting and finance committees of the Edison Electric Institute and Pennsylvania Electric Association. In addition, I am a past Chairperson of the New Jersey Utilities Association Accounting and Finance Committee.

Q. Have you previously testified before the New York Public Service Commission ("Commission")?

A. Yes. I testified in Case 95-E-0491, Case 99-G-1695, Case 02-G-1553, and Case 05-G-1494 before the Commission.

Summary of Testimony

Q. What is the purpose of your testimony?

A. I will testify regarding Direct Labor, the Company's Cost Allocation Procedures, Shared Services, Regulatory Commission Expenses, Other O&M Costs, and Common Plant. I support Exhibit E-5, Schedule 2, Direct Labor Expense; Exhibit E-5, Schedule 3, Shared Services; Exhibit E-5, Schedule 10, Regulatory Commission Expense; and Exhibit E-5, Schedule

11, Other O&M Costs. I also support the common general plant construction expenditures set forth in Exhibit E-6, Schedule 1, Page 2 of 2.

Q. Are you familiar with the books and records of Company?

A. Yes.

Q. Are the accounts of the Company kept in accordance with the Uniform System of Accounts prescribed by the Commission?

A. Yes.

Electric Direct Labor Expense

Q. Please describe Exhibit E-5, Schedule 2.

A. Exhibit E-5, Schedule 2, Electric Operating Expenses – Direct Labor, is a two-page exhibit that identifies the historic O&R consolidated labor costs for the 12 months ended June 30, 2006 ("Test Year") and calculates the projected labor costs for the 12 months ending December 31, 2007. Page 1 of the Exhibit identifies the amount of total labor charged to the O&R Electric Department (as derived on Page 2) as to each account guideline classification (e.g., electric transmission expense, electric distribution expense). Page 2 of the Exhibit identifies labor costs according to employee classification, that is, weekly paid employees and monthly paid employees and further identifies the same consolidated labor costs by functional cost distribution (e.g., electric expense, gas expense, construction).

Q. Please describe how you projected electric direct labor expense for the 12 months ending December 31, 2007, as shown on Exhibit E-5, Schedule 2, Page 1 of 2?

A. I began by detailing the historic labor costs for the Test Year according to the classifications specified above. I then calculated any applicable adjustments to Test Year data in order to derive total labor costs for the 12 months ending December 31, 2007. The adjustments to the Test Year labor costs include the following: (a) normalizing adjustments applicable to the Test Year; (b) the cost of program changes; and (c) labor escalation costs applicable to the Test Year labor costs, including escalation of any normalizing adjustments and program changes, in order to escalate the costs through the end of the 12 months ending December 31, 2007. The result is the expected total consolidated labor costs for the 12 months ending December 31, 2007.

Q. Please describe the normalizing adjustments to the Test Year labor expense in your calculations?

A. As noted above, the Test Year reflected on Exhibit E-5, Schedule 2, page 1 of 2, is the 12 months ended June 30, 2006. The normalizing adjustments applicable to both the weekly paid employees and the monthly paid employees reflect the effect of updating the actual historic labor data through December 31, 2006, the latest actual labor data available.

Q. What type of costs are included under the heading Program Changes on Exhibit E-5, Schedule 2.

A. Program Changes include the annualized cost of an additional 10.5 full time equivalent weekly paid, third class linemen positions. The increase reflects the change in the actual employee level for electric operations as of December 31, 2006 compared to the average employee level for the 12 months ended June 30, 2006. The increase was the result of the Company's overhead line school training program that was completed in September 2006. There are no additional monthly paid employees included in this filing.

Q. Please describe the labor escalation factors used in your calculations.

A. The labor escalation for weekly employees, including escalation applicable to normalizing adjustments and program changes, was calculated through the end of the calendar year 2007 by applying the following wage increase percentages: 3.25% effective June 1, 2006 and 3.25% effective June 1, 2007. These rates are the actual wage increases pursuant to the negotiated bargaining unit labor agreement with the Local 503 of the International Brotherhood of Electric Workers, which represents the O&R bargaining unit employees. This five-year agreement became effective on June 1, 2004 and expires on June 1, 2009.

The labor escalation for the monthly paid employees, including escalation applicable to normalizing adjustments and program changes, was calculated through the end of the calendar year 2007 by applying an annual wage increase of 3.25% effective on April 1, 2006 and 3.25% effective on April 1, 2007 as these wage increases take effect on April 1 of each calendar year based on the annual compensation policy for management employees. The wage increase rates for monthly paid employees were based on an assessment of general future economic conditions, as well as historic increases.

Cost Allocation Procedures

Q. Please describe the cost allocation procedures currently utilized by Orange and Rockland to assign costs to each segment of its utility operations and to the Company's non-regulated subsidiaries.

A. Orange and Rockland and its utility subsidiaries Pike County Light & Power Company ("Pike"), which provides service in Pennsylvania, and Rockland Electric Company ("Rockland Electric"), which provides service in New Jersey, operate as one integrated organization. It is the Company's policy to charge costs for labor, material and services directly to the responsible jurisdiction (i.e., Orange and Rockland, Pike, or Rockland Electric) to the extent practical, through the use of time sheet reporting and company specific account numbers. In those instances where work performed is for the common benefit of two or more jurisdictions, then costs would be allocated through the use of common expense clearing accounts. Different studies are used to develop the bases for allocating costs ranging from building service and data processing costs to payroll for administrative areas such as Legal or Accounting.

Q. Does the Company use different procedures to allocate costs between its utility subsidiaries and its New York electric and gas operations?

A. Yes, historically cost allocations among Orange and Rockland, Rockland Electric, and Pike for electric and gas operation and maintenance costs, customer expenses, administrative and general expenses and carrying costs on the Company's net utility plant investment have been allocated pursuant to existing contractual agreements. In New York, the Commission has jurisdiction over the methodology followed by the Company to allocate common costs related to New York electric and gas operations. Over time, procedures were developed to allocate costs based on a formula that factors in utility plant investment, operation and maintenance expenses, and payroll expenses.

Q. Did the Company follow the existing procedures to allocate common costs in this proceeding?

A. Yes. The Company used the allocation percentages for common electric and gas costs for New York operations as approved by the Commission in Case 99-G-1695.

<u>Shared Services</u>

Q. Please explain the Shared Services cost element shown on Exhibit E-5, Schedule 3.

A. The shared services cost element reflects the allocation of costs from Con Edison and Consolidated Edison, Inc. ("CEI") for administrative and general services provided to Orange and Rockland, such as accounting, treasury, and tax services. These costs are detailed into labor, fringe benefits and other cost components.

Q. What is the basis for the billing of shared services to O&R?

A. O&R is billed a share of the total costs of operating the various departments that provide services to the Company. In addition, the Company is billed for 100% of other services provided solely on its behalf by Con Edison. These charges are then allocated to electric operations by use of the common expense allocations.

Q. How did you determine the shared service expense of $9,214,000 for the 12 months ending December 31, 2007?

A. I started with the actual shared services expense of $8,836,000 for the Test Year. Using information provided to me by Company witness Kane, I then escalated the labor component of the shared service billing by 4.79%, calculated fringes at 86% of the labor escalation amount, and escalated the other components of the billing by the general inflation factor of 3.52% to arrive at the expense of $9,214,000 for calendar year 2007.

Regulatory Commission Expenses

Q. Please explain the regulatory commission expense cost element on Exhibit E-5, Schedule 10.

A. This cost element includes the assessments of the NYPSC and the New York State Office of Real Property. In establishing the projection for calendar year 2007, I escalated the Test Year amounts using the general inflation factor of 3.52%.

Other O&M Expenses

Q. Which costs were included in Other O&M Expenses?

A. Exhibit E-5, Schedule 11, includes the following cost elements:

- Advertising;
- Information Technology Solutions;
- Legal & Other Professional Services;
- Rents;

- Materials and Supplies;
- Corporate Fiscal Expenses; and
- Other Expense.

All costs, except legal and other professional services, are based on the actual expenditures for the Test Year, which were first normalized and then escalated by the appropriate inflation factor of 3.52% as provided to me by Mr. Kane. Legal and other professional services costs are based on the three-year historical average and then escalated by the same inflation factor of 3.52%.

Common Utility Plant

Q. Mr. Kosior, please describe Exhibit E-6, Schedule 1.

A. Exhibit E-6, Schedule 1, is a two page schedule that presents, on Page 1, the Company's forecasted electric distribution plant additions for the twelve-month periods ending December 31, 2007, and, on Page 2, presents the Company's forecasted common plant additions for the same period. In his testimony, Mr. Regan supports the forecasted electric construction additions. I support the common general plant construction expenditures.

Q. Please describe the common general plant additions.

A. The forecasted cost of common general plant additions is included on Exhibit E-6, Schedule 1, Page 2 at 100%. The common general plant additions for calendar year 2007 include blanket expenditures of $9.0 million. This category includes capital expenditures for the Company's vehicle purchase program of $4.1 million and $4.7 million for information technology and telecommunication equipment and infrastructure improvements. The general plant additions also include the replacement of one of the two back-up generators at the Spring Valley Operations Center ("SVOC"). The SVOC is a comprehensive facility that houses the energy control center ("ECC"), distribution control center ("DCC"), customer call center and payment processing. One generator is 625 kVa while the other is 187 kVa. Neither generator by itself can assume the entire load of the complex. The initial enhancement would be to upgrade the smaller generator.

Q. How will you derive the portion of these expenditures that will be allocated to electric plant?

A. As discussed above, in its Order in Case 99-G-1695, the Commission approved a four part formula for allocating common general plant to electric and gas utility operations. The Company used this Commission-approved methodology to allocate common general plant to electric operations.

Q. Does this conclude your testimony?

A. Yes, it does.

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MARGARET M. LENZ - ELECTRIC

Q. Please state your name and business address.

A. My name is Margaret M. Lenz. My business address is 4 Irving Place, New York, New York 10003.

Q. By whom are you employed and in what capacity?

A. I am employed by Consolidated Edison Company of New York, Inc. ("Con Edison") as Department Manager, Revenue and Volume Forecasting, in Corporate Accounting.

Q. Please describe your educational background.

A. I received a Bachelor of Science degree in Mathematics from St. Lawrence University in 1981. I also received an MBA degree in Finance in 1995 from Adelphi University.

Q. Please describe your work experience.

A. I joined Con Edison in 1981 as part of its Management Intern Program. I have held various positions of increasing responsibility in Con Edison's Planning organization, Corporate Accounting, Energy Services and Rate Engineering. Since December 2002, I have been assigned to the Corporate Accounting Department and I currently hold the position of Department Manager of Revenue and Volume Forecasting.

Q. Please generally describe your current responsibilities.

A. My responsibilities include the preparation of electric, gas and steam sales forecasts, as well as transmission and distribution ("T&D") revenue forecasts.

Q. What is the purpose of your testimony?

A. My testimony presents the forecast of Orange and Rockland Utilities, Inc.'s ("O&R" or the "Company") electric system sendout, sales volumes and revenues for the period July 1, 2006 through December 31, 2009.

Q. What are the actual and normalized total sales volumes for the 12 months ended December 2006?

A. The actual total sales volume for the 12 months ended December 2006 was 4,006,555 MWHs. The 2006 total normalized sales volume is 4,021,012 MWHs.

Q. Please summarize, in aggregate form, your sales volume forecasts for calendar years 2007, 2008, and 2009.

A. The 2007 total sales volume forecast is 4,101,254 MWHs, an increase of 80,242 MWHs over 2006, reflecting 2.0% growth over 2006. The 2008 total sales volume forecast is 4,167,861 MWHs, an increase of 66,607 MWHs over the 2007 forecast, reflecting 1.6% growth over 2007. The 2009 total sales volume forecast is 4,227,237 MWHs, an increase of 59,376 MWHs over the 2008 forecast, reflecting 1.4% growth over 2008.

SENDOUT AND SALES VOLUMES

Q. What forecasting methodologies did you use to project the Company's electric sendout and sales volumes?

A. The sendout and billed sales volume forecasts are based on various econometric and time series models. Models for forecasting billed volumes for major classifications are done on a quarterly basis with historic data from the first quarter 1990 through the second quarter 2006. These major classifications are residential, secondary including small primary (SC 2P), primary excluding small primary (SC 2P), Lighting and other public authority. These major classifications are comprised of various O&R service classes.

Q. Please explain the independent variables included in these models.

A. Heating and cooling degree days and billing days are included in the models to account for delivery volume variations due to differences in weather conditions and billing days. Also included are key economic variables.

Q. What key economic variables are used as input to these sales volume models?

A. The key input economic variables in the models include:

-private non-manufacturing employment;

-real electric price; and

-the number of customers in each major class.

Some of the models have all of these variables while others only have a one or two of these variables. For example, the residential model includes all these variables while the lighting model only includes the number of billing days and number of customers.

Q. Please explain how the forecast of private non-manufacturing employment was developed.

A. The private non-manufacturing employment forecast is prepared by the economic consulting firm, Economy.com. The Economy.com forecast is developed for New York State as a whole as well as for individual regions in the State. The Company uses the forecast for Orange and Pike Counties ("Newburgh" forecast from Economy.com) as well as the forecast for Rockland County ("Rockland" forecast from Economy.com). The "Newburgh" forecast is the forecast most applicable to Orange County. The forecasts show that private non-manufacturing employment is projected to increase by 2.1% in the 2nd half of 2006, 1.8% in 2007, 1.5% in 2008, and 1.9% in 2009.

Q. What assumption do the models use for the real price variable for forecasting purposes?

A. For forecasting purposes, we assumed that the real electric price remains at the same level as for the 12 months ended June 2006 level.

Q. Please explain the development of the number of customers for the various major service classifications.

A. The forecasts of the number of customers for secondary and lighting are based upon the annual average growth rate over the last three historical 12 month periods, these being the 12 months ended June 2004, June 2005, and June 2006. The forecasts for the number of residential and primary customers are based on recent trends in their historical growth rates. The actual annual average growth rates for residential customers for the 12 months ended June 2004, June 2005, and June 2006 are 0.98%, 0.89%, and 0.90%, respectively. The annual average growth rates for residential customers for the six months ended June 2004, June 2005, and June 2006 are 0.97%, 0.97%, and 0.82%, respectively. The number of residential customers is projected to grow on average by 0.81% in the 2nd half of 2006, and 0.85% per year for 2007 through 2009. While the primary number of customers increased an average of 1.2% in 2005, or an average of five new customers during the year, the first six months of 2006 remained basically unchanged from the prior year, and in fact, the number actually decreased when comparing the 12 months ended June 2006 to the 12 months ended June 2005 (i.e., -.06%). I assumed the average number of primary customers for 2006 to be the same as the level in 2005. Thereafter, I assumed two new primary customers a year.

Q. Are the foregoing projections of employment, real electric price and numbers of customers used as inputs in the forecasting models to generate the Orange and Rockland sales volume forecasts?

A. Yes.

Q. Are there any adjustments to the volume forecasts generated by these models?

A. Yes. The primary volume forecast generated from the model assumes that one of our largest primary customers ("Large Primary Customer") will continue to take all its energy requirements from Orange and Rockland. However, beginning in February 2006, the Large Primary Customer only takes supplemental power from Orange and Rockland under Service Classification ("SC") 25. Therefore, the Large Primary Customer's full load was subtracted from the model forecast and the Large Primary Customer's requirements under SC 25 were estimated separately on the basis of its recent supplemental requirements.

Q. Since the actual data used to develop the model extended to June 2006, was not part of this reduced load already included in your forecast?

A. No. In developing the model for primary sales forecasting, the historic data included sales to the above-referenced primary customer at full requirements. The Large Primary Customer went to on-site generation in February 2006, resulting in an inconsistency in the historic data. Therefore, the modeling data from February through June 2006 was adjusted to the level as if the Large Primary Customer was still taking all its requirements from the Company.

Q. How were the quarterly volume forecasts disaggregated into monthly sales volumes?

A. Quarterly sales volumes were divided into monthly sales volumes by reflecting the patterns of weather-normalized historical monthly sales volumes. Monthly sales volumes also were adjusted for the appropriate billing-days.

Q. How were major class monthly sales volumes disaggregated into service class volumes?

A. The major class monthly volumes were allocated to service class volumes based on the historical service class sales volumes.

Q. How do you account for unbilled sales in calculating the total sales volumes for Orange and Rockland?

A. The total sales volumes are derived by estimating the unbilled sales volumes and adding those volumes to the billed volume forecast.

Q. Please explain unbilled sales volumes.

A. Billed sales volumes are recorded on a billing cycle basis, which does not represent the calendar month. The unbilled sales volumes translate the billed sales volumes from a billing cycle basis to sales on a calendar month basis.

Q. How are the unbilled sales estimated?

A. The unbilled sales volumes are estimated by subtracting the monthly billed volume forecast from the monthly sendout forecast less line losses and Company use.

Q. How is the sendout forecast developed?

A. An econometric model is used to forecast the sendout on a quarterly basis. As noted above, the actual sendout for February 2006 though June 2006 was adjusted to reflect the Large Primary Customer at full requirements.

Q. What variables are used in the sendout model?

A. The sendout reflects historical sendout levels and weather patterns. The key economic variables are real electric price, private non-manufacturing employment and the total number of customers.

Q. How were the quarterly sendout forecasts disaggregated into monthly sendouts?

A. Quarterly sendout volumes were divided into monthly sendout volumes by reflecting the patterns of weather-normalized historical monthly sendout volumes.

REVENUE FORECAST

Q. Please explain the method of estimating Orange and Rockland's T&D revenues for the forecast periods.

A. The T&D revenues from the forecasted billed sales volumes to Orange and Rockland's customers were estimated by month and by service classification. For the energy only classes (i.e., SC 1, 19, 4, 16), a pricing equation is developed by correlating historical average billed T&D revenue to historical billed volumes and summer/winter rate differentials, if applicable, for the period January 2004 through December 2004. For the commercial and industrial classes (secondary and primary service classes), where energy and demand charges apply, a demand pricing equation is also developed by correlating historical billed average T&D

revenue to summer/winter rate differentials for the period January 2004 through December 2004. The T&D energy revenue for commercial and industrial classes is based upon pricing equations similar to those developed above for the energy only classes with the inclusion of MWs as an independent variable, if applicable. The T&D revenue for other public authorities, which in this forecast represents one customer, i.e., West Point, was priced at their current contract rate through June 2007. From July 2007 forward, they are priced under the SC 9 general tariff because they requested and are eligible for such a rate. Lighting under SC 5 was priced at the tariff rate, and the Large Primary Customer was priced at the SC 25 tariff rate. For the unbilled sales volumes, the T&D revenue was derived by applying the resulting forecasted average T&D rate for each month and for each service class to the unbilled volumes for that month and service class.

Q. Please explain the projection of billable demand for Orange and Rockand's commercial and industrial customers.

A. Billable demand is the ratio of the forecasts for billed energy volumes and the average hours use. Hours use is simply the ratio between billed sales volumes and billable demand.

Q. How are the average hours use forecasted?

A. An analysis of the relationship between historical billed sales volumes and billable demand is used to project the average hours use.

Q. Your revenue forecast also includes Market Supply Charge ("MSC"), Energy Cost Adjustment ("ECA") and Intercompany Fuel & PSA Bill Revenues. Please explain how these components are forecast.

A. The MSC and ECA revenues are supplied to us by the Financial Forecasting Section of Corporate Accounting, and the Intercompany Fuel & PSA Bill Revenues are supplied by the Regulatory Filings Section of Corporate Accounting.

Q. I show you a five-page document with page one entitled "ELECTRIC SENDOUT, SALES VOLUMES, AND REVENUES FROM SALES VOLUMES - FORECASTED 6 MONTHS ENDING DECEMBER 31, 2006 and FORECASTED YEARS ENDING DECEMBER 31, 2007, DECEMBER 31, 2008 AND DECEMBER 31, 2009" and pages two through five entitled "ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATION" and ask if it was prepared under your supervision and direction?

A. Yes, it was.

MARK FOR IDENTIFICATION EXHIBIT___(E-3)

Q. Please describe what is shown on the first page of this Exhibit?

A. This exhibit shows the forecast of the Company's electric system sendout, sales volumes and revenues from sales volumes for the six months ending December 2006 as well as the years ending 2007, 2008, and 2009. Line 1 shows the estimated sendout. Lines 2 through 4 show the estimated electric sales volumes, and lines 6 through 12 show estimated revenues for each of the periods.

Q. Please describe pages two through five of this Exhibit.

A. These pages of the Exhibit set forth in greater detail, by service classification, the data that were shown in summary form on page one of Exhibit___(E-3). Page two of this Exhibit shows electric sales volumes and revenues by service classification for the six months ending December 2006. Kilowatt hour sales volumes are shown in Column 1, the annual sum of the monthly billable demand is shown in column 2, T&D revenues at the currently effective rates in Column 3, MSC and ECA revenues in Columns 4 and 5, System Benefit Charge revenues in Column 6, revenue taxes in Column 7, and total revenues in Column 8. Pages three through five are identical in format to page two; page three covers the forecast for calendar year 2007, page four covers the forecast for calendar year 2008, and page five covers the forecast for calendar year 2009.

Q. Does this conclude your testimony?

A. Yes, it does.

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JOHN PERKINS -

Q. Please state your name and business address.

A. My name is John Perkins and my business address is 4 Irving Place, New York, NY 10003.

Q. By whom are you employed and in what capacity?

A. I am Director, Corporate Finance for Consolidated Edison Company of New York, Inc. ("Con Edison"). I am also Treasurer of Orange & Rockland Utilities, Inc. ("Orange & Rockland").

Q. Briefly describe your educational background.

A. I graduated from MIT in 1972 and received B.S. degrees in Economics and Civil Engineering. I received M.A. and M.Phil. degrees in Economics from Yale University in 1974 and 1975, respectively. I took several additional graduate courses in Finance from New York University.

Q. Please summarize your professional background.

A. I joined Con Edison in 1982. My previous positions have been as Director, Financial Administration, Director, Corporate Planning, Director, Financial Services, and Manager, Financial Services. Prior to joining Con Edison, I was employed by Chase

Econometrics/Interactive Data from 1980-1982 and by the Graduate School of Business of Columbia University (1976-1979), where I taught courses in economics and transportation.

Q. Please describe your current responsibilities.

A. My responsibilities include preparing the cash forecast and planning and executing financing for Consolidated Edison, Inc. ("CEI"), and its subsidiaries, including Orange & Rockland. In addition, I manage the relationships with credit rating agencies and undertake various financial analyses.

Q. Have you previously sponsored testimony before regulatory bodies?

A. Yes. I have sponsored testimony on capitalization and cost of capital for Orange & Rockland in Case 05-G-1494, in the matter of the securitization of certain deferred balances and testimony on capital structure and rates of return for Rockland Electric Company ("RECO")(a subsidiary of Orange & Rockland) before the New Jersey Board of Public Utilities, and have sponsored testimony on rates of return and capital structure for Pike County Light & Power Company ("Pike")(a subsidiary of Orange & Rockland) before the Pennsylvania Public Utility Commission.

I have also sponsored testimony concerning the impact of rate recovery on ratings and thus on costs in the latest Con Edison steam and gas cases.

Q. Please summarize your testimony.

A. My testimony discusses the historic and projected capital structure of Orange & Rockland and the cost of capital, the current credit ratings of Orange & Rockland, the methodology used by the rating agencies to determine these ratings, the comments that have been made as to the strength of key financial ratios of Orange & Rockland, and the potential impact of reduced ratings.

CAPITALIZATION AND COST OF CAPITAL

Q. What capital structure should be used in this proceeding?

A. I recommend the use of the consolidated capitalization of Orange & Rockland in this proceeding.

Q. Please describe the consolidated capitalization.

A. Consolidated capitalization refers to the consolidated capital structure of Orange & Rockland and its wholly-owned utility subsidiaries, RECO and Pike. The consolidated capital structure is presented on Exhibit E-8 and consists of the following Schedules:

1. Schedule 1 - Forecasted Consolidated Capitalization and Cost Rates
2. Schedule 2 - Long Term Debt - Actual June 30, 2006 Balances
3. Schedule 3 - Long-Term Debt - Average 2007 Balances

Q. Please describe any projected changes in long-term debt and how such changes have been incorporated into your forecasted data at December 31, 2007.

A. The forecasted balance of long-term debt at December 31, 2007 includes the actual issuance by Orange & Rockland of the Series A 2006 debentures, $75 million, 5.45%, due October 1, 2016, and the contemplated issuance, of Series A 2007 debentures, $60 million, 6.49%, due September 1, 2017. The last issue is included in the Amount Outstanding with a balance of

$17.5 million, representing the average amount outstanding for the 13 months ending December 31, 2007. In addition, the currently outstanding RECO First Mortgage Bonds, Series J, $20 million, 7.125%, will mature on February 1, 2007. Since this debt is due within one year, and since the Company has no plans to refinance the debt, it has been eliminated from the long-term debt balances at June 30, 2006 and December 31, 2007. The only other projected change in the long-term debt balance between the historic data date and the end of the test period is the result of the periodic amortization of the balance of the Unamortized Debt Discount.

Q. Please describe how you developed the cost of long-term debt, and explain the change in the cost of long-term debt between the actual historic data and the projected cost at December 31, 2007.

A. Exhibit E-8, Schedules 2 and 3, present the detailed calculation of the cost of the long-term debt at June 30, 2006 and December 31, 2007, respectively. The schedules detail each issue of long-term debt outstanding and calculate an effective annual cost for each issue, taking into consideration the original net proceeds to the Company and annual interest costs. The sum of the effective annual cost for all issues is divided by the gross amount of debt outstanding to derive the weighted average cost of long-term debt. The change in the weighted average cost of long-term debt is the result of the actual and contemplated issuances of debentures during September 2006 and September 2007, as described above.

Q. Please describe the method used to project the equity balance through December 31, 2007.

A. The average consolidated equity of Orange & Rockland and its utility subsidiaries at December 31, 2007, excluding all non-utility subsidiaries and Other Comprehensive Income was projected from December 31, 2006 using the following steps:

1. It was assumed that CEI (Orange and Rockland's parent) would make an equity investment of $40 million in June 2007;

2. The forecast earnings for 2007 were added to the December Equity balance; and
3. Quarterly dividends of $7.770 million were subtracted from the balance.

Q. What capital structure results from the calculations that you described?

A. Exhibit E-8, Schedule 1, shows the forecasted capital structure at December 31, 2007 of 49.805% long-term debt, 1.683% of customer deposits, and 48.512% common stock equity

Q. Mr. Perkins, using your forecasted capital structure and cost of long-term debt and the cost of equity, what overall rate of return results?

A. The overall rate of return is 8.83% as shown on Exhibit E-8, Schedule 1.

CREDIT RATINGS

Q. What are the current ratings on Orange & Rockland debt?

A. The long-term debt ratings are A2, A, and A+ by Moody's, Standard and Poor's ("S&P"), and Fitch, respectively. The Outlook is Negative for S&P and

Stable for Moody's and Fitch. The short-term debt is rated P-1, A-2, and F1, respectively.

Q. Please describe the credit ratings process as seen from your perspective.

A. Credit ratings reflect a credit rating agency's independent judgment of the credit-worthiness of a company based on the business and financial risks of that entity.

I will describe my understanding of the specific process undertaken by S&P. Of the agencies, they have documented their analytical methods in the greatest detail, and we have had extensive discussions with that agency about specific aspects of their process. It is my understanding that the process employed by other credit agencies is generally similar in nature.

Q. Please continue.

A. S&P looks at several qualitative factors that they reflect in their determination of a utility's business risk. These include regulation, markets, operations, competitiveness, and management. The relative importance of each category depends on the nature of the utility's business as stated recently by S&P in Standard & Poors' New Business Profile Scores Assigned for U.S. Utility and Power Companies; Financial Guidelines Revised (page 6):

> The emphasis placed on each category may be influenced by the dominant strategy of the company or other factors. For example, for a regulated transmission and distribution company, regulation may account for 30% to 40% of the business profile score because regulation can be the single-most important credit driver for this type of company. Conversely, competition, which may not exist for a transmission and distribution company, would provide a much lower proportion (e.g., 5% to 15%) of the business profile score.

The final result of this qualitative business risk analysis is a business profile score, ranging from 1 to 10, with 1 indicating the least risky profile and 10 the most.

Q. What is Orange & Rockland's business profile score?

A. Its score currently is 2.

Q. Do the other rating agencies look at business risk as well?

A. Yes, though they do not quantify that risk in the same manner as S&P does. For example, Moody's looks at several dimensions of risk, including the degree of government support, the percentage of non-regulated business, and the nature of regulation. In "Rating Methodology: Global Regulated Electric Utilities" (March 2005, page 4) Moody's states:

> The second step in the methodology is to assess the credit support that is gained from operating within a particular regulatory framework. Moody's considers each regulatory system and assesses whether there is a high or low expectation of predictability in the system and whether operators can reasonably expect to recover their costs and investments through regulator-approved revenue increases.

And on the same page they state:

> We also classify entities into the following four categories based on a comparative assessment of the predictability and stability of regulated cashflows for a company operating under a particular regulatory framework…

Q. In your opinion, what impact would you expect the imposition of temporary rates to have on the rating agencies view of the business position of Orange and Rockland?

A. I would expect that the agencies would view it as a negative, as it would be a departure from the way the utility has been regulated in the past, and it would increase uncertainty of cash flows.

Q. Has Moody's addressed rate agreements in their published reports?

A. Yes. In their "Rating Action: Moody's Places Orange & Rockland Utilities And Rockland Electric (Both A1) Under Review For Possible Downgrade; Affirms Consolidated Edison And CECONY (May 1, 2006, page 1)

> The rating action also reflects concerns about the terms of the company's electric and gas rate structure after the current rate plan terminates on October 31 of this year.

And again on page 1:

> While the companies' relationships with the relevant regulators: FERC, the New York Public Utility Commission, the New Jersey Board of Public Utilities and the Pennsylvania Public Utility Commission have been generally constructive, the future results of both companies will be dependent on the final terms of the next rate plan

Q. What quantitative financial measures do the agencies use to determine their credit ratings?

A. S&P uses a variety of financial indicators. They have indicated that the most important ones are those related to cash flow coverage of interest and debt, and the ratio of total debt to total capital. The specific ratios that are considered by S&P are:

1. Funds from Operations/Average Total Debt
2. Funds from Operations Interest Coverage
3. Total Debt/Total Capital

Of these, the first two are considered to be more significant.

Q. Does Moody's use similar ratios?

Yes. They use six core ratios:

1. (Funds from Operations-Dividends)/Debt
2. Funds from Operations/Debt
3. FFO/Interest
4. Debt/Asset Value
5. EBITDA Margin
6. (Funds from Operations-Dividends)/Capital Expenditure

They have indicated that the first four ratios are the primary ratios, and the second two are the secondary ratios.

Q. How do the business risk positions affect the quantitative measures used by the rating agencies?

A. The higher the business risk the more rigorous the target level for a given rating. For example, S&P would look for higher Funds from Operations Interest Coverage ratios for companies that have a "2" business profile than for companies with a "1" profile. Regulation, as an important component of the qualitative analysis that leads to a business risk profile, is thus a key determinant of the level of financial ratio targets that are used in determining a company's debt rating.

Q. What does Moody's say currently about the strength of Orange & Rockland's credit ratios?

A. In "Rating Action: Orange and Rockland Utilities, Inc." (September 5, 2006 at page 1) Moody's says:

> The downgrades of O&R and RECO reflect financial performance that is weaker than average for the rating category. In comparison to other regulated electric utilities with similar risk profiles, actual 2005 financial performance, and projected financial metrics for 2006 to 2008, are more consistent with the lower rating. O&R's interest coverage and total debt coverage from cash flow were 3.9x and 14% respectively in calendar 2005. RECO's cash flow to interest was 3.8x and cash flow to debt was 16.5% in calendar year 2005. The ratings also consider the potential for lower

> operating resilience given the relatively small scale of the companies' stand-alone operations and revenue generating capacity.

Q. What does S&P say currently about the strength of CEI's credit ratios?

A. S&P, as opposed to Moody's, treats ratios on a consolidated basis. S&P has stated that the near-term ratios are weak for the ratings that are currently on the debt securities. For example, in "Summary: Orange and Rockland Utilities Inc." (December 5, 2006, at p. 2) S&P says:

> As of Sept. 30, 2006, Con Edison's total debt, including capitalized operating leases, purchased-power agreements, and tax-effected pension and postretirement obligations, was about $10.5 billion, with adjusted debt to capital of 62%. Adjusted funds from operations (FFO) interest coverage was 2.7x and adjusted FFO to average total debt was 11%. Consolidated credit ratios are weak for the current rating, and Standard & Poor's Ratings Services expects them to remain weak, given the increased O&M costs associated with the service disruptions in the summer of 2006 and recent debt issues. We assume credit measures will not deteriorate further and will benefit from equity issuances and realization of additional rate increases, specifically for CECONY when its current plan expires in March 2008. O&R's cash flow measures are somewhat stronger than the consolidated entity with FFO interest coverage of 2.8x, FFO to

debt of 14%, although adjusted debt to capital is materially higher at 77%.

I would note that ratios are not directly comparable between Moody's and S&P, as they calculate the ratios differently and include different adjustments from accounting numbers.

Q. Has S&P made any recent changes to their methodology?

A. Yes. They have made two. First, they explicitly included pensions as an element of several of their calculations, increasing debt, and increasing cash flows.

In addition, the calculation of Funds from Operations to Total Debt now uses year-end debt levels, as opposed to an average of debt outstanding at the beginning and end of each year.

Q. What is the impact of the pension-related change?

A. The most important impact has been on the total debt/total capital ratio. The change makes it more difficult to reach the target debt/total capital ratio.

Q. Has Moody's made adjustments for pensions as well?

A. Yes, they have. They have also increased debt levels for their analysis.

Q. What is the impact of S&P's use of year-end debt vs. average debt?

A. The use of year-end debt, particularly for a utility such as CECONY or Orange & Rockland with a large need to issue additional debt to support capitalization, lowers our Funds from Operations/Debt ratio, our weakest indicator.

Q. What is the impact of the regulatory process on the credit ratios you detailed above?

A. Net income is a key component in determining the strength of the credit ratios. Revenues increase the funds from operations by increasing net income. This effect will increase the Funds from Operations to Total Debt and the Funds from Operations coverage ratios directly by increasing the numerators. Because the increased net income also reduces the need for financing (and the associated interest), there will be a second positive impact on all three ratios.

Q. Are there particular reasons for the importance of net income (and thus revenue) in the case of Orange & Rockland?

A. Yes. Relative to many other utilities, Orange & Rockland's capital additions for the foreseeable future significantly exceed its current depreciation. In addition, the levels of deferred tax that contribute to cash flow are expected to remain low due to the end of accelerated methods of tax depreciation. Thus, cash flow for Orange & Rockland will rely to a greater extent on earnings than would be the case for other utilities. To the extent earnings are reduced through direct reduction of revenues cash flow will be affected immediately, as will several key credit ratios. If revenues are collected with the threat of eventual refund I would expect the rating agencies to reduce their estimates of future cash flows and thus their expectations of improvements in our credit ratios.

Q. How do credit ratings affect customers?

A. Credit ratings impact both the cost and availability of long and short term financing. The exact level of the impact will vary with the amount of financing needed and the financial climate. In times of crises (whether related to a company, industry, or the market), the costs will be significantly higher for lower-rated companies.

A second effect, which is particularly important in these times of high fuel and purchased power costs, is the need to post additional collateral for energy transactions if credit ratings fall. This collateral, in turn, would have to be financed at higher interest rates for lower-rated companies.

Q. Does this conclude your testimony?

A. Yes, it does.

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ORANGE AND ROCKLAND UTILITIES, INC.
DIRECT TESTIMONY OF
ANGELO M. REGAN
CASE 06-E-1433

Q. **Please state your name and business address.**

A. Angelo M. Regan, 390 West Route 59, Spring Valley, New York 10977.

Q. **By whom are you employed and in what capacity?**

A. I am employed by Orange and Rockland Utilities, Inc. ("Orange and Rockland," "O&R," "the Company") as Director of Electrical Engineering.

Q. **Please briefly describe your educational and business experience.**

A. I received a Bachelor of Science degree in Electrical Engineering in 1985, and a Masters of Science degree in Industrial Engineering Management Science in 1987, both from Fairleigh Dickinson University, in Teaneck, New Jersey. I am a registered professional engineer in the State of New York. I was employed by Central Hudson Gas and Electric Corporation as an overhead distribution systems engineer from 1985 to 1987. Since then, I have worked for Orange and Rockland as an overhead and underground Systems Engineer, as Manager of the Distribution Engineering Department, and then as Chief Distribution Engineer, prior to assuming my present position as Director of Electrical Engineering.

Q. **What is the purpose of your testimony in this proceeding?**

A. The purpose of my testimony is to present and support O&R's capital budget and major plant additions.

<u>**Plant Additions and Capital Budget**</u>

Q. **Are you familiar with planned plant additions and the construction budget for O&R?**

A. Yes.

Q. Was Exhibit E-6, Schedule 1, page 1, prepared by you or under your direction?

A. Yes. Exhibit E-6, Schedule 1, page 1, shows the Company's major capital electric plant additions for the period 2006 to 2009, along with their in-service dates and the quantified expenditures for each project. It must be noted that Exhibit E-6, Schedule 1, is a plant additions schedule that represents the timing of when these plant assets will be booked to plant in service. This Schedule is not indicative of actual project spending on a year-to-year basis, which will be occurring much more uniformly. It also should be noted that the 2006 column only shows costs booked for the second half of 2006. The total costs booked for 2006 were $52.007 million, which compares favorably to the range of forecasted expenditures for the period 2007 – 2009. For purposes of this proceeding, the major capital plant additions that I will be discussing will be in excess of $1 million, and fall into the following categories: (1) those projects that have been completed and added to plant in-service during the July 1, 2006 to December 31, 2006 time frame, (2) those projects that will be completed and added to plant in-service during the January 1, 2007 to December 31, 2007 time frame, and (3) those projects that will be completed and added to plant in-service during the 2008 - 2009 time frame.

Q. Please describe the major electric capital projects that have been completed during the July 1, 2006 to December 31, 2006 time frame.

A. There is one major project that was completed during this time frame. The Company completed an upgrade of the Silver Lake Substation. This substation borders the City of Middletown and the Town of Wallkill. A second 69-13.2kV distribution transformer was added to the substation to improve the reliability for a bank contingency. Three additional distribution circuit exits were added along with new metal-enclosed switchgear that replaces an older design that consisted of an exposed outdoor take-off structure. The replacement of the older exposed outdoor take-off structure with the new metal-enclosed switchgear will provide reliability improvements for the distribution system, by minimizing the exposure to bird and animal contacts, and the resulting service interruptions that are inherent with this older design. These improvements were necessary to meet the Company's distribution planning criteria, and to address load growth that had already materialized on the Company's local electric delivery system in this area. The cost added to plant in-service for this project, during the July to December 2006 time frame, was $3.791 million.

Q. **Please describe the major electric capital projects that are forecasted to be completed and added to plant in-service during the January 1, 2007 to December 31, 2007 time frame.**

A. A description of these projects follows. The in-service dates are based on existing construction and installation schedules. The forecasted costs have been quantified through an analysis of current spending and anticipated costs to completion.

Transmission Line 60 Upgrade

Line 60 is a 138kV transmission line that extends from the Ramapo Substation on the west side of Rockland County to the Burns Substation in the center of Rockland County. This line is in the process of being upgraded to meet the Company's transmission planning and reliability criteria, and satisfy load growth. It is the first project, in a series of identified projects, which will be necessary to address the system delivery needs as a result of Mirant's anticipated retirement of the Lovett Generating Station ("Lovett"). Specifically, Line 60 is being upgraded with higher capacity conductor that will have new normal and long-term emergency ratings of 425 MW and 450 MW, respectively. As part of this project, Line 59, which operated at 69kV, has been retired. This upgrade will address the near-term impacts of the Lovett retirement, and will provide O&R the necessary time and flexibility to adjust any required future investments based on the disposition of the Lovett site in the future. The first portion of the project, which is the upgrading of Line 60 between the Ramapo and Tallman Substations, has been completed and energized in January 2007. The remaining portions of the project, from the Tallman to Monsey Substation and the Monsey to Burns Substation, are on schedule to be completed and placed into service by the end of May 2007. The overall estimated cost of the entire Transmission Line 60 Upgrade project is $9.023 million.

Tallman Substation Upgrade and UG Exits

The Tallman Substation had been served from Line 59 for many years. The retirement of Line 59 as part of the Line 60 Upgrade project, and with Line 60 being the only remaining line in the Ramapo to Burns west to east corridor, necessitated the rebuild and upgrade of the Tallman substation from 69kV to 138kV operation. The existing Tallman Substation consisted of two 25 MVA transformer banks that, with recent load growth, were deficient in meeting the Company's planning criteria. In order to satisfy O&R's planning criteria, and to address additional load growth on the Company's local electric delivery system in this area, the Company is upgrading the capacity of both transformers from 25 MVA to 50 MVA, thereby doubling the capacity of the Tallman Substation. The redesign also will improve the reliability of the distribution system, by removing older exposed outdoor take-off structures and replacing them with new metal-enclosed switchgear, thereby minimizing the present exposure to bird and animal contacts that typically can disrupt service on these older types of structures. Two circuits also will be added to improve local area reliability. With respect to the actual substation site work, the Tallman Substation is presently half completed and in-service in January 2007 at its new 138kV operating voltage. The remaining half is under re-construction for 138kV operation and is on schedule to be completed and placed into service by the end of May 2007, at an overall estimated cost of $6.061 million.

Q. **Please describe the major electric capital projects that are forecasted to be completed and added to plant in-service during the 2008 - 2009 time frame.**

A. A description of these projects follows. The in-service dates are based on projected construction and installation schedules. The forecasted costs have been quantified through an analysis of spending and recent material, equipment and labor costs that have been experienced on similar transmission and substation projects that are in progress or have recently been completed by the Company.

<u>Transmission Line 11 Upgrade – Parts 1 and 2</u>

The Company is upgrading Line 11 from 34.5kV to 69kV operation, and adding a second 69kV line along its present route. This project is required to meet the Company's reliability planning criteria, and satisfy load growth. Line 11 was a 34.5kV sub-transmission feeder that extended approximately 21 miles from the Company's Shoemaker Substation to the Port Jervis Substation, feeding the outskirts of O&R's Western Division, as well as some distribution taps along its lengthy route. Due to significant load growth in this area, the existing facilities, from both a capacity transfer and load serving perspective, had approached their limits and failed to meet the Company's planning criteria. The Company also identified two major distribution source upgrades that were required for this area: (1) a new substation in the Westtown area (the Westtown Substation was constructed and placed into service in early 2006), and (2) a complete rebuild of the existing Port Jervis Substation (planned for completion in 2008). Transmission support for these major new substation projects necessitated the rebuild of Line 11 to a higher capacity feeder operating at 69kV, along with the construction of a second 69kV circuit along its path for redundancy and reliability. The first portion of this line upgrade project (Transmission Line 11 Upgrade – Part 1), from the Shoemaker Substation to the new Westtown Substation, was completed and energized in 2006. The costs booked during the July to December 2006 time frame for Part 1 of this project were $4.922 million. The present schedule provides for the second portion of this line upgrade project (Transmission Line 11 Upgrade – Part 2), from the Westtown Substation to the Port Jervis Substation, to be completed by the summer of 2008 at an estimated cost of $15.364 million. This project, along with the upgrade of Line 18 to operate at 69kV, which will be done in conjunction with the Port Jervis Substation upgrade project, will allow the Company to tie these upgraded facilities into its existing 69kV transmission system at the Rio Substation. This will provide significantly improved transmission system reliability for O&R's Western Division customers. All of the project upgrades mentioned above will allow the Company to satisfy its transmission and distribution planning and reliability criteria for this area.

<u>New Little Tor Road Substation and UG Exits</u>

The Company will be constructing a new substation in the northern New City area, in the Town of Clarkstown, New York. In May 2006, the Company purchased land in the Little Tor Road/South Mountain Road area of New City for the construction of this substation. This new substation, to be named the Little Tor Road Substation, is situated at the circuit extremities of the service areas of three existing substations (i.e., New Hempstead, West Haverstraw, and Congers) and existing 138 KV transmission crosses the site. Due to load growth on the local electric delivery system in this area, the Company determined that a new substation in this area was required. This new substation will be a 138 – 13.2kV station, consisting of two 50 MVA transformer banks and eight new distribution circuits. The new circuits will exit underground from metal-enclosed switchgear in the station. A third bank, (25MVA 13.2-34.5kV) also will be installed to serve a large customer, NY Trap Rock, which is presently fed from the more distant West Haverstraw Substation through the Little Tor site. This will free up capacity at the West Haverstraw Substation and provide improved reliability to NY Trap Rock. O&R will commence construction of the Little Tor Road Substation in 2007, and the proposed schedule will place this station in service by June 2008, at an estimated cost of $7.63 million.

New Snake Hill Road Substation and UG Exits

The Company will be constructing a new substation in the West Nyack area, in the Town of Clarkstown, New York. This new substation, to be named the Snake Hill Road Substation, will be situated among three existing substations (i.e., Nanuet, West Nyack and Congers) and in close proximity to the Palisades Mall. Due to load growth on the local electric delivery system in this area, the Company determined that a new substation in this area is required. This new substation will be a 138 – 13.2kV station, consisting of three 35 MVA transformer banks and eight new distribution circuits. The new circuits will exit underground from metal-enclosed switchgear. One of the new 35 MVA banks will be installed to serve two large customers in close proximity to the station, Tilcon and United

Water Company, which are presently the only remaining customers fed from 4kV facilities at the West Nyack Substation. Reliability will be improved to these two large customers, and the bank capacity will be available to provide reliable backup to the other two 35 MVA station banks that will be feeding the local area distribution load. Removing the 4kV facilities at the West Nyack Substation will also allow the Company to redesign the West Nyack Substation as part of a future project to provide improved local area transmission and distribution system reliability benefits. O&R will commence construction of the Snake Hill Road Substation and underground distribution exits in 2007, and the proposed schedule will place this station in service by December 2008, at an estimated cost of $8.919 million.

Monroe Substation Upgrade and UG Exits

The Company will be upgrading the existing Monroe Substation, located in Town of Monroe, New York. The Monroe Substation consists of a single 69-13.2kV, 25 MVA transformer bank. Due to this recent load growth in this area, and the fact that this station has a limited number of distribution circuit ties with other stations, which also lack the available capacity required for redundant backup of Monroe in accordance with the Company's reliability criteria, the Company has determined that the Monroe Substation must be upgraded. These upgrades will include increasing the capacity of the existing bank from 25 MVA to 50 MVA, and the addition of a second 50 MVA bank. The redesign also will improve the reliability of the distribution system, by removing older exposed outdoor take-off structures and replacing them with new metal-enclosed switchgear, thereby removing the present exposure to bird and animal contacts that typically can disrupt service on these types of structures. The new switchgear will be able to serve eight distribution circuits, and four new distribution circuits will be added to the existing four to improve distribution circuit reliability and available tie capacity for all of the circuits in the area. All of the distribution circuits fed from the new metal-enclosed switchgear will exit underground from the station. O&R will commence construction of the Monroe Substation upgrade and underground distribution exits in 2007, and the proposed schedule will place this station in service by June 2008, at an estimated cost of $6.419 million.

New Transmission Line 77A from Ramapo to Sugarloaf

The Company will be constructing a new transmission line from the Ramapo Substation to the Sugarloaf Substation. This project is required to improve the transmission source capacity and reliability to the Company's Central and Western Operating Divisions, which encompass approximately 110,000 customers. Construction of this new transmission line will eliminate the deficiencies of the Central Hudson Gas and Electric's 115kV S/L Transmission Line that presently ties Sugarloaf into Central Hudson's Rock Tavern Substation. The Company will construct a new transmission line within its service territory, on the open side of the southern tier towers that presently hold existing Line 77 from the Ramapo Substation to the Sugarloaf Substation. This new line, initially referred to as Line 77A, will be constructed to 345kV specifications and operated at 138kV until such time that this line may be needed for additional capacity on the bulk power system. It will be connected into a new 138kV ring bus to be constructed in a new 138kV Sugarloaf Substation in 2008. The proposed scheduled will place this transmission line in service by the end of 2008, at an estimated cost of $10.367 million.

New Sugarloaf 138kV Substation Yard

The Company will be constructing a new 138kV expansion at the existing Sugarloaf Substation. The Sugarloaf Substation is essentially a gateway between the Company's Eastern Division and its Central and Western Divisions. The 138kV sources that feed into and out of this station are presently tied through a large pole top switching device. With the addition of the new 138kV transmission line 77A from Ramapo to Sugarloaf, a new 138 kV ring bus scheme will be required to accommodate the new line connection into Sugarloaf. This arrangement also will provide substantially improved source reliability to maintain continuity of service to the Company's Central and Western Divisions in the event of source contingencies. The proposed scheduled will place this 138kV transmission yard in service by the end of 2008, at an estimated cost of $4.082 million.

New Shoemaker 138-69kV Bank 811

The Company will be installing a second 138-69kV transmission transformer bank in the Shoemaker Substation. The new Bank 811 will be installed in parallel with Bank 711, which is an existing single 138-69kV transformer feeding the 69kV bus in Shoemaker at this time. The installation of a parallel bank will allow for the contingency loss of either 138-69kV bank while keeping the 138kV sources available to serve the Shoemaker Substation 69kV load. The proposed schedule will place Bank 811 in service by the summer of 2008, at an estimated cost of $2.783 million.

Port Jervis Substation Upgrade and UG Exits

The Company will be upgrading the existing Port Jervis Substation, located in the City of Port Jervis, New York. The Port Jervis Substation consists of a single 34.5-13.2kV 20 MVA transformer bank. The transmission sources feeding this substation are in the process of being upgraded to 69kV operation (Line 11 Part 2 and Line 18 Upgrade). As such, this substation must be reconstructed to operate at 69kV. In addition, this is a single bank substation with a limited number of distribution circuit ties to other sources that had failed the Company's distribution planning criteria for many years. Recent substation additions in the area at Matamoras (Pennsylvania) and Westtown have provided contingency support for Port Jervis. Due to load growth on the local electric delivery system in this area, and the fact that this station still has a limited number of distribution circuit ties with other stations, the Port Jervis Substation must be upgraded to operate at its new source voltage of 69kV. These upgrades will include increasing the capacity of the existing bank from 25 MVA to 35 MVA, and the addition of a second 35 MVA bank. The redesign also will improve the reliability of the distribution system, by removing older exposed outdoor take-off structures and replacing them with new metal-enclosed switchgear, thereby removing the present exposure to bird and animal contacts that typically can disrupt service on these types of structures. The new switchgear will be able to serve six distribution circuits, and three new distribution circuits will be added to the existing three to improve distribution circuit reliability and available tie capacity for all of the circuits in the area. All of the distribution circuits will exit underground. Some preliminary site work, equipment and materials were purchased and booked in the July to December 2006 time frame, at a cost of $758,000. The proposed schedule will place this station in service by end of 2008, at an additional estimated cost of $7.569 million.

Transmission Line 18 Upgrade and Terminals

The Company will be upgrading Line 18 from 34.5kV to 69kV operation. The upgrade of Line 18 will be done in conjunction with the Port Jervis Substation upgrade project. The upgrade of Line 18 will allow O&R to tie the new Port Jervis 69kV sources that are being constructed, from the Shoemaker Substation to the Port Jervis Substation (Lines 11 and 14), into its existing 69kV transmission system at the Rio Substation. This will create a strong 69kV transmission loop in the southern Western Division area, providing significantly improved transmission system reliability for the Western Division customers, and will allow the Company to satisfy its transmission planning criteria for this area. The proposed scheduled will place this transmission line in service by end of 2008, at an estimated cost of $1.338 million.

New Hempstead Underground Exits Replacement

The Company will be replacing the underground circuit exits at the New Hempstead Substation. The New Hempstead Substation presently serves eight distribution circuits, which all exit the substation underground in manhole and duct systems, from two 35 MVA transformer banks. The existing cables for all of the underground exits have been in service for over 30 years, and the cables are approaching the end of their useful life. The improvements will include the replacement of the cable and the re-configuration of the underground circuit exits that will enable each distribution bank to feed circuits in a more geographically diverse manner and improve contingency capabilities; the existing configuration of the exits do not allow for this. The benefits include significant life extension for these circuit exits, the improved ability for one bank to serve load and have ties in all directions should a contingency occur on the other bank, and improved service reliability throughout the area. The proposed scheduled will place these upgraded facilities in service by the summer of 2009, at an estimated cost of $1.058 million.

Hunt Substation Upgrade and UG Exits

The Company will be making upgrades to the Hunt Substation, in Greenwood Lake, New York. This is a single 69-13.2 kV, 25 MVA bank substation, serving two distribution circuits from an outdoor takeoff structure. The Company has identified the need to add an additional circuit by 2009, as this substation. The redesign will improve the reliability of the distribution system, by removing the older exposed outdoor take-off structure, and replacing it with new metal-enclosed switchgear, thereby removing the present exposure to bird and animal contacts that typically can disrupt service on these types of structures. The new switchgear will be able to serve four distribution circuits, and as discussed above, one new distribution circuit will be added to the existing two to improve distribution circuit reliability and available tie capacity for all of the circuits in the area. All of the distribution circuits fed from the new metal-enclosed switchgear will exit underground. O&R will commence the Hunt Substation upgrade and underground distribution exits in late 2008, and the proposed scheduled will place these upgraded facilities in service by the summer of 2009, at an estimated cost of $2.055 million.

Sterling Forest L26 Transmission Tap

The Company will be installing a 138-69kV transmission transformer bank in the Sterling Forest Substation, in Sterling Forest, New York. The Sterling Forest 69kV loop starts in the Eastern Division at the Hillburn Substation 69kV Bus and ends at the Sugarloaf 69kV bus; a distance of over 20 miles. Along the way, it serves seven substations that had a combined 2006 peak load of 115 MVA, and a projected 2007 weather normalized load of 118 MVA. Most of the substations along this loop continue to experience significant load growth. The new transformer bank in the Sterling Forest Substation will tap into existing 138kV Line 26, which currently passes through the Sterling Forest Substation site. The installation of this new 138-69kV source will tie into the middle of the existing Sugarloaf to Hillburn 69kV loop, and provide an additional 69 kV source in the middle. This will effectively split the loop in half, and provide substantially improved source capacity and reliability to these 69kV facilities and the seven substations that are served by them. The proposed schedule will place new Sterling Forest 138-69kV transformer bank in service by the end of 2009, at an estimated cost of $2.682 million.

Transmission Line 31 Upgrade

The Company will be upgrading the capacity of Line 31. Line 31 extends from the Hillburn Substation to the Sloatsburg Substation in the Company's Eastern Division, and is part of a larger 69 kV transmission loop that ends at the Sugarloaf Substation in the Company's Central Division. This overall 69kV loop feeds eight distribution substations along its path. The Company will selectively upgrade the capacity of Line 31 to match the ratings of the other portions of this 69kV loop to significantly improve the capacity and reliability of this loop. The proposed schedule will place the Line 31 upgrade in service by the end of 2009, at an estimated cost of $1.564 million.

New Pocatello Substation, UG Exits and Transmission Interconnection

The Company will be constructing a new substation in the northwest outskirts of the Middletown area, in Mount Hope, New York. This new Pocatello Substation, will be situated at the extremities of circuits from three existing substations (i.e., Shoemaker, Otisville and Westtown). There has been substantial load growth that has already materialized on the local electric delivery system in this area, and forecasts for continued growth. Additionally, there are minimal distribution ties that exist in this area from circuits that are lengthy as well. The Company has determined that a new substation in this area is required. This new substation will be a 69 – 13.2kV station, consisting of two 50 MVA transformer banks and the capability for eight new distribution circuits. Initially, four new circuits will be installed, will be fed from metal-enclosed switchgear, and will exit underground. An underground transmission line will likely be required to interconnect the new Pocatello Substation with existing transmission sources in the area, at an estimated cost of $1.468 million. The proposed schedule will place this new substation and associated facilities in service by December 2009, at an estimated cost of $6.02 million.

Q. Does this conclude your testimony?

A. Yes, it does.

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Case No. 06-E-1433

CARL H. SELIGSON

Q. Please state your name, address and current position.

A. My name is Carl H. Seligson. My address is 40 East 94th Street, New York, NY 10128. I am an independent, self-employed consultant specializing in financial matters related to the utility industry.

Q. Please summarize your professional experience.

A. I began my financial career in 1961 and served two firms as a utility equity (stock) analyst until 1971 when I joined Merrill Lynch as a senior utility investment banker. In 1987 I joined Kidder Peabody in a similar capacity. In 1990 I became Senior Consultant - Regulated Industries for Deloitte & Touche and in 1992 I returned to investment banking as Managing Director and Manager of the Public Utility Financing Group of Prudential Securities. In 1996 I joined Andersen Consulting (now Accenture) as a Senior Advisor. Since retiring from Andersen Consulting in 2000, after reaching age 65, I spent about nine months as a Senior Vice President of a start-up internet based business, energyLeader.com, which attempted to become a purchasing agent for utilities. Since 2001, I have been a self-employed consultant and spent time at Prospect Street Ventures attempting to raise funds for a Venture Capital effort directed to investing in electro-technologies and then at K Road Ventures and K Road Power examining investment opportunities in non-regulated generation of electricity. For the last four years I have been on retainer to the Edison Electric Institute developing and implementing an action plan to assure confidence in the electric power industry and providing advice for member companies on issues of concern to the financial community. This assignment has included supervising and participating in Regulatory Dialogues between the Financial Community and State Regulatory Commissioners and Staff.

Q. Have you ever appeared as an expert financial witness before regulatory agencies?

A. Yes. I prepared testimony on rate of return before the Federal Power Commission on behalf of Florida Power Corporation, Jersey Central Power & Light, Metropolitan Edison Company, Panhandle Eastern Pipeline and Pennsylvania Electric Company and before the Federal Energy Regulatory Commission on behalf of Florida Power Corporation and Duke Power Company (rebuttal). I have also presented such testimony before the following Commissions: Arkansas Public Service Commission on behalf of Arkansas Power & Light Company; District of Columbia Public Service Commission on behalf of Potomac Electric Power Company; Florida Public Service Commission on behalf of Florida Power Corporation, Florida Telephone Company, Gulf Power Company, Southern Bell Telephone & Telegraph Company and Winter Park Telephone Company; Georgia Public Service Commission on behalf of Georgia Power Company; Illinois Commerce Commission on behalf of Peoples' Gas, Light & Coke Company; Indiana Utility Regulatory Commission on behalf of Northern Indiana Public Service Company; Kentucky Public Service Commission on behalf of Kentucky Power Company; Maryland Public Service Commission on behalf of Potomac Edison Company; Department of Public Utilities of Massachusetts on behalf of Boston Edison Company; the Board of Regulatory Commissioners of the State of

New Jersey on behalf of Jersey Central Power & Light Company, New Jersey Power & Light Company and South Jersey Gas Company; New York Public Service Commission on behalf of Consolidated Edison Company of New York, Long Island Lighting Company, National Fuel Gas Distribution Company, Niagara Mohawk Power Corporation, Orange and Rockland Utilities and Pennsylvania Electric Company; North Carolina Utilities Commission on behalf of Virginia Electric & Power Company; Public Utilities Commission of Ohio on behalf of Cleveland Electric Illuminating, Columbus & Southern Ohio Electric and Toledo Edison Company; Corporation Commission of the State of Oklahoma on behalf of Public Service Company of Oklahoma; Pennsylvania Public Utilities Commission on behalf of Metropolitan Edison Company, Pennsylvania Electric Company and West Penn Power Company; Virginia State Corporation Commission on behalf of Virginia Electric & Power and Public Service Commission of West Virginia on behalf of West Virginia Water Company and Huntington Water Company.

I also testified before the Federal Power Commission in its Phase II electric utility hearings; before the Nuclear Regulatory Commission's Atomic Safety and Licensing Board on behalf of Alabama Power Company and Carolina Power & Light Company; before the Federal Power Commission on Construction Work in Progress; before the National Association of Regulatory Commissioners ad hoc Committees on Utility Diversification and on the financial health of Electric Utilities; before the House of Representatives' Committee on Ways and Means on deferred taxes, and the sub-committee on Energy and Environment of the Committee on Interior and Insular Affairs on nuclear licensing reform; before the Department of Energy at its National Energy Strategy hearings; and before State Legislative Committees in Arizona, Connecticut, Michigan and New Jersey.

Q. Have you ever made any presentations on financial matters to regulatory audiences?

A. Yes. I have made presentations to many such audiences, beginning with presentations on rate of return to the Annual Convention of the National Association of Regulatory Commissioners (NARUC) in October, 1969. I also addressed this convention in 1976, 1982, 1987, 1991 and in 2004 on financing future generation. Similarly I have addressed various regional conferences of utility commissioners on ten separate occasions and I presented a Federal Energy Regulatory Commission Advocacy Lecture in 1978. I also appeared at the invitation of the Secretary of Energy at the Department of Energy's National Energy Policy Plan Public Meeting in September, 1994.

As mentioned earlier, I have participated in about eight Regulatory Dialogues with the Financial Community organized by Gee Strategies Group, LLC, each of which has a number of State Commissioners and Staff in attendance. I also participated in a similar program presented under the auspices of the NARUC Education Foundation, on whose Advisory Board I sit.

Q. Are you involved with any other professional organizations?

A. Yes. I am a member of the Wall Street Utility Group and the New York Society of Security Analysts, where I served as program chairman of the utilities section. I am also a member of the Association for Investment Management & Research and the Financial Analysts Federation. I also served as a member of the Board of Directors of the Nuclear Energy Institute and of the National Society of Rate of Return Analysts and as Chairman of the Regulated Industries Committee of the Securities Industry Association. In August 2006 I completed two terms (eight years) as a member of the Advisory Council of the Electric Power Research Institute (EPRI) where I also served on their Strategic Issues Committee. The Advisory Council has ten members appointed by NARUC in addition to numerous other interested parties.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to discuss the regulatory approach to determining and administering allowed returns on common equity capital. By "administering" I mean determining when regulators should intervene in utility operating results in the absence of a rate proposal filed by the utility. I will also discuss the financial community's perception of a utility like Orange and Rockland Utilities, Inc. ("Orange and Rockland," "O&R," or the "Company") and what the financial community would perceive as a reasonable earnings range for such a utility. I will explain why O&R's projected earnings do not provide a basis for establishing temporary rates and how the investment community and rating agencies would likely view temporary rate action by the NYPSC. Finally, I will explain the potential negative financial impacts on O&R of temporary rate action.

Q. Please provide an overview of your testimony.

A. I understand that the regulatory proceeding we are currently involved with stems from concerns regarding the company's earnings levels during the period following a rate plan that expired at the end of October 2006, approximately three months ago. While I understand the possibility of regulatory concern about a given level of earnings of a utility, I believe that regulatory intervention in the form of a temporary rate order would be highly inappropriate.

One of the long-standing hallmarks of utility regulation is that utilities ought to be permitted the opportunity to earn returns comparable to similar enterprises, and later I will discuss this earnings level as it relates to Orange & Rockland. There is certainly no indication that regulatory intervention of the nature contemplated by this expedited proceeding is justified or warranted. If the projected <u>future</u> earnings levels were determined to be outside a determined range of reasonableness, one could believe that there might be a basis for considering new, <u>permanent</u>, rates for O&R, but I do not believe such projections would provide any basis for establishing temporary rates. Temporary rate action would certainly send a negative signal to the investment community, including debt and equity analysts and rating agencies, that New York regulation is uncertain, unpredictable and, to be frank, unstable.

Q. Why is the cost of common equity important?

A. The cost of common equity is the heart of most utility rate cases since it is the earnings on the common stock that not only provide for a return to the owners of the business for their investment but also provides for dearly needed coverage of debt interest. In other words, a regulatory body allows rates to provide for interest on debt and the remaining earnings (the return on common equity) provide all of the interest coverage above one times. For obvious reasons, the return that is actually earned, or which can be earned, is far more important to all investors than a return that is nominally allowed which cannot be realized. If an investor-owned utility is unable to recover the costs of its invested capital, it will not be able to continue to survive indefinitely, and its customers will ultimately have to absorb the costs and consequences.

Q. What is your approach to determining the cost of common equity?

A. My approach is based on two widely accepted methodologies - comparable earnings and risk premium.

There is no question that risk, both business and financial, is an important determinant of the cost of equity capital. There is a very close relationship between the cost of capital and the risk associated with investment, since investors understandably require a greater return as risk and uncertainty increase. Risk is generally perceived by investors to consist of two integrated elements - the business risk and the financial risk. Business risk involves not only variability of revenue but also variability of return on investment, which is influenced in large part by the ability (or inability) of the enterprise to adjust prices, or to exercise control over costs, or both. Financial risk is directly related to the nature of the capital employed in financing the business. The existence of senior capital, i.e., debt, increases the risk associated with the ownership of common stock. Inasmuch as senior securities have a prior claim to the earnings and assets of the business, the common stockholder benefits from a leveraged capital structure only when the return on the equity exceeds the cost rate of the senior capital employed in the business. In a highly leveraged capital structure, the possibility of adversity affecting the equity return is greatly enhanced due to the greater fixed costs associated with a higher level of senior capital. The essence of the risk premium theory holds that the common stockholder is entitled to a premium in return for the assumption of this risk. In making a determination of a fair return on common equity, the premium is added to the cost of relatively "risk free" investments, such as U.S. Treasury securities.

For comparable earnings I believe it is fair and reasonable to look at a broad range of regulated utilities as to return levels earned.

Further, I strongly believe that determining a fair rate of return is not a wholly mechanical approach. While statistical, financial and mathematical models are appropriate, professional judgment is also an essential ingredient in a final determination.

Q. How do you determine the cost of common equity by use of the comparable earnings method?

A. I have looked at the earnings levels reported by the highly reputable firm Regulatory Research Associates, which tracks closely the regulatory actions and results of Utilities in the United States. In their *Utility Focus* report *Electric Utility Monthly-January 2007* they present a table of 39 companies whose return on equity averaged 12.5%. (See my Exhibit CHS-1, page 1) Some 17 of these companies had returns above the 12.5% level, averaging 15.9%, while the remaining 21 companies (after eliminating Con Edison) had returns averaging 9.7%. (see my Exhibit CHS-1, pages 2 & 3) The median return for the two groups was 12.8%.

I might also note at this point that three of the 39 companies in this report have significant operations in New York State (Con Edison, Energy East & KeySpan) and all three have returns on equity of less than 10%.

Q. How do you determine the cost of common equity by use of the risk premium method?

A. The risk premium method is based on the premise that investors are averse to risk and require a higher return to be compensated for assuming additional risk. Among long-term investments, United States government bonds are the least risky and, therefore, their return can be used as the basis for calculating risk premiums attributable to alternative investments. Numerous studies have compared the returns realized over various time frames by investments in government bonds with investments in a cross-section of common stocks.

A landmark in such studies is the work originally done by Roger G. Ibbotson and Rex A. Sinquefield entitled Stocks, Bonds and Inflation: The Past and the Future and which is continued under the auspices of Morningstar, Inc. the current owner of Ibbotson Associates. The most recent such study concluded that from the beginning of 1926 to the end of 2005, common stock investors have historically realized a premium of 7.1% over the return available on risk-free alternative investments.

Q. What time period do you use in this proceeding for determining the appropriate base risk-free rate to which an appropriate risk premium should be added?

A. I believe that the appropriate period to use for the Treasury Bond yield in a risk premium determination of the cost of common equity in this proceeding is the estimated yield for 2007. I believe that it is perfectly fair and appropriate to use such a future period seeing as prior periods are history and any new rates will apply in 2007 and beyond. Moody's Economy, a division of Moody's Investors Service, projects such a yield to be 5.4%. (See my Exhibit CHS-1, page 4) The resultant Return on Common Equity then is the sum of the 7.1% premium and the 5.4% risk free (Treasury Bond) yield, or 12.5%.

Q. Is your recommendation then that the consideration of temporary rates in this proceeding be based upon a return of 12.8% (comparable earnings) or 12.5% (risk premium) on common equity, or at a mid point of the two?

A. In spite of the fact that the methods that I employ produce such results, the fact must be remembered that we arrive at this point for a so-called average company.

Q. Do you consider O&R to be an average company meriting an average return?

A. No, I do not. I should at this time point out a number of significant areas where Orange and Rockland is not average in terms of risk and therefore requires a higher return allowance than an average company.

O&R's parent, Con Edison, has a payout ratio of nearly 80% of its earnings. (See my Exhibit CHS-1, page 1), and the relatively high yield of 4.78% is fourth highest of the 39 companies covered, suggesting little room for growth and increased risk in the face of capital expenditures requiring the sale of debt at potentially higher interest rates. Both Standard and Poor's Corporation and Moody's Investors Service have commented on the relatively weak financial profile of Con Edison, and in fact Moody's has lowered the debt rating of O&R. O&R's capital expenditure plan, combined with its need to maintain an appropriate debt/equity ratio will require a significant infusion of common equity in 2007 and beyond. The weakened financial position of both companies will certainly have an effect on the cost of debt to be sold as well as on the opportunities for shareholders.

Nationally, there has been a significant increase in political activity surrounding requests for increased electric utility rates and in New York electric utilities continue to face the risk of a changing regulatory environment. Electric utilities compete with other entities for capital and the new Governor here has indicated he is considering new energy policy initiatives. For example, as indicated in his recent State of the State message, the Governor is considering having utility companies take on new risks of mandatory power contracts, which would increase the cost of utility capital and, all else being equal, place New York utilities at a further competitive disadvantage in respects to the national financial marketplace.

Q. Please discuss what you consider to be a reasonable return on common equity for O&R.

A. As indicated above, in my opinion, based on the risk premium analysis that I have consistently used in over 35 years of studying utilities and regulation, current return on equity requirements for an "average" company are a minimum of 12.5%. Based on comparable earnings achieved by other utilities, a current return level of 12.8% would be appropriate. As a result of both the mathematical calculations presented and the factors just cited that make Orange and Rockland subject to increased risk vis-à-vis the average company, I believe that conditions prevailing at O&R would suggest an ROE above the average of the two methodologies of 12.65% - on the order of a .35% premium or 13.00%.

Q. Is the Company projecting earnings in this range?

A. No. As set forth in the testimony of Company witness Kane, O&R projects that its prospective earnings will be below these levels and these levels can certainly be justified by the capital spending and financing requirements of the company going forward. It is my understanding that O&R is projected to spend in the area of $125 million in calendar 2007 on capital projects and will require outside financing - probably a debt sale after an equity infusion from its parent.

Q. Do the Company's past or projected earnings warrant the Commission's establishing temporary rates?

A. They do not. As for O&R's past earnings, I believe that the most significant regulatory development in recent years nation-wide has been a "forward look" replacing an historical view, as more and more regulatory bodies recognize that since rates are set for the future they must consider reasonable projections of future conditions when deciding on rate levels. What good is a rate level based on the past if conditions are known to be changing for the period ahead? Accordingly, earnings by O&R during the now expired rate plan are completely irrelevant. I understand that during the rate plan O&R shared earnings above the 12.75% level, but that plan and the required sharing expired at the end of last October with no renewal or extension suggested.

As for O&R's forecasted earnings, it is my understanding that the Company is forecasting a return for calendar year 2007 of approximately 11.6% with projected earnings for future years at still lower levels. These projected earnings levels are below the level in the expired rate plan at which there was to be sharing of earnings (i.e., 12.75%), and also below the current level of earnings for electric utilities generally.

Accordingly, when one looks at a reasonable methodology for establishing a return on equity, be it what other utilities are earning, or what is suggested by a risk premium or comparable earnings analysis, or the recently expired PSC-approved rate plan, O&R's forecasted earnings fall at or below a reasonable level. Therefore, I can see no possible basis for temporary rate action.

Q. Why do you believe that temporary rate action of any kind is unwarranted?

A. In general, nation-wide, I believe that "temporary rates" have only been used to increase rates due to emergency conditions facing a company which indicate the need for relief prior to consideration of a full blown rate proceeding.

To my knowledge, there has been no temporary rate reduction action initiated in any other jurisdiction based on utility's current or forecasted earnings level. It is not an accepted regulatory procedural step - rather if a commission believes that a company is "over-earning," it starts a proceeding to set new permanent rates for the future.

Should the Commission take this most unusual step and institute temporary rates, I believe that O&R will either have to defer its access to capital markets when such rates are in effect or be prepared to pay a premium of a higher interest rate reflecting the financial community's assessment of the temporary rate action.

Q. What is your understanding as to the use by the New York Public Service Commission of deferred accounting for certain expenses?

A. Deferred accounting for costs like pensions/OPEBs and environmental remediation, was established to protect both customers and ratepayers from volatile costs outside the utility's control. When costs increase above projected levels and are therefore deferred for future recovery from customers, I believe it is necessary for the Commission's actions to demonstrate that the regulatory compact is in force and that such deferred expenses will be recoverable at a future point in time, so as to offer assurance to the financial community that there is no "gimmickry" being applied to keep rates at an artificially low level. That is, if the Commission adopts a rate plan that provides for earnings sharing to end, but for certain deferred accounting to continue, when the rate plan expires neither actual nor projected earnings and deferrals immediately following the expiration of that plan should provide a basis for a temporary rate decrease. The only appropriate action would be to consider new <u>permanent</u> rates on a <u>prospective</u> basis.

Q. You refer to the financial community. How do you believe this community would view any temporary rate action taken as a result of this proceeding?

A. First, I believe the concept of <u>temporary</u> rates is a misnomer. For example, absent the Company preparing and submitting a rate filing, a process which entails more than a year until a decision is rendered and new permanent rates are made effective, it is my understanding that there is no legal requirement for the Commission to establish permanent rates after temporary rates are imposed. As a result, it becomes relatively difficult, if not impossible, to predict cash flows with any degree of certainty and such lack of predictability would directly affect a company's ability to finance required capital expenditures. And that same uncertainty would exist even if O&R's rates were not reduced by some portion of existing rates but are made temporary, that is, subject to refund.

A company that is required to operate under temporary rates is therefore, by definition, transformed into a company with significant financial uncertainty - a condition to be avoided if at all possible. A company operating under temporary rates will by necessity need to change its focus and become preoccupied with establishing its financial position to assuage the financial community. Said financial community consists of fixed income and equity analysts and rating agencies which have a direct influence on the availability and cost of capital needed by the company.

It should be pointed out that while many companies faced with significant financial uncertainty can, and do, resolve the challenges, there is no specificity as to the time required for such resolution, and in fact there is no assurance that the challenge will be resolved. As a result, in working to resolve the situation important programs and priorities can be significantly postponed or even lost and the company's culture severely damaged.

What I am saying is that the establishment of temporary rates would be considered a legal exercise to achieve a preconceived rate of return desired by a regulator. The establishment of temporary rates will provide a substantial change in the core mission of the utility and can almost assuredly be expected to have profound impacts throughout the company's operations. Since temporary rates are not based on consideration of all factors, as would be the case in a full-blown proceeding, in producing a rate reduction they would appear to the financial community as a politically inspired move - which would be extremely detrimental to a utility's financial standing in the eyes of the financial community. Financial markets do not accept the concept of rates that are subject to refund as being a stable source of income and are particularly leery of politically inspired rate making. So-called temporary rates that call for a reduction in earnings levels are a bad signal to the investment community, especially if applied to a company that has been earning within a zone of reasonableness and which will require new financing in the immediate future, and especially if the company has a good record of operations, appropriate customer service, capital spending in line with forecasts, etc.

Q. You express concern over the financial community's reaction to the imposition of temporary rates. Can you be more specific?

A. Yes. During 2006, I attended and participated in five regional dialogues between members of the financial community and state regulators and staff. These dialogues clearly enabled the financial community (including debt rating agencies, fixed income and equity analysts and investment bankers) to enunciate their desire for regulatory certainty and predictability. A summary of credit rating agency positions expresses that regulators' actions are assessed in terms of how they affect a company's creditworthiness. These agencies seek certainty, predictability, and stability. Anything that jeopardizes a utility's ability to recover its costs in a timely fashion causes uncertainty. So, the focus is on consistency and predictability of decisions, timeliness of decisions, use of forward-looking measures, the lack of prudence disallowances, and supportive actions during stressful circumstances. Commission composition (including staff) is evaluated. In summary, financial community representatives said they look at the quality of regulation: consistency, transparency, predictability, stability; the use of incentives; fuel clauses; investment pre-approval; tracking mechanisms for renewable energy, energy efficiency, and DSM investments; timely recovery of investments; forward-looking test years.

Q. Please continue.

A. Various industry analysts have recently expressed concern as to the ROE levels recently afforded by the New York Commission as well as uncertainty in light of forthcoming changes to the composition of the Commission and its Staff by the State's new governor, as well as the pursuit of new policy objectives, such as utilities entering long term energy commitments. Standard and Poor's imputes additional debt in the capital structure for such contracts. The debt, and associated interest, weakens the financial ratios used to determine S&P's bond ratings. Commission action on temporary electric rates for O&R would, in my view, exacerbate these concerns.

Q. Are you aware of the positions taken by Staff and CPB regarding the level of temporary rates that the Commission should consider?

A. Yes. I have reviewed certain pleadings they filed in which they reference the statute allowing temporary rates set at a level of 5% return on capital.

Q. What are your thoughts as to those references?

A. I am not an attorney, but the notion is clearly unreasonable and in my view beyond rational debate and would have a severe adverse effect on the financial community's views of New York State regulatory policies.

Q. Given your analysis and the reactions you attribute to the financial community, what is your conclusion?

A. I conclude that there is no basis in fact for any type of temporary rate action. In my opinion the establishment of temporary rates for a heretofore successful company like Orange & Rockland, with solid operations and a record of constructive cooperation with the Commission (e.g., the prior rate order) would not be seen as in keeping with the Commission's prior record. The Commission could, on its own motion, proceed with a review of the Company's financial situation but should not impose temporary rates.

Q. Does this conclude your testimony?

A. Yes it does.

MONTHLY MARKET DATA - RRA Utility Index

Company	Dec 29 2006 Price	Percent Change: Month	YTD	Earnings Per Share 2005	Curr. (Mo)	2006E	2007E	Price/Earnings 2006E	2007E	Curr.	Market/ Book	ROE (Avg)	Dividend * Rate	Yield	Payout	Bk Val 9/06	Moody's/S&P Ratings	Tkr. Sym.
	$	%	%	$	$	$	$	X	X	X	%	%	$	%	%	$		
ALLEG ENERGY	45.91	3	45	0.95	1.47 (9)	1.75	2.15	26.2	21.4	31.2	378	13.1	0	0	n.a.	12.13	B1 / BB-	AYE
ALLIANT ENERGY	37.77	-3	35	2.07	2.19 (9)	2.35	2.45	16.1	15.4	17.2	177	10.1	1.27	3.36	58	21.35	Baa1 / BBB+	LNT
AMEREN CORP	53.73	-2	5	3.13	2.58 (9)	2.85	3.70	18.9	14.5	20.8	169	8.1	2.54	4.73	98	31.76	A3 / A-	AEE
AMER EL PWR	42.58	3	15	2.73	2.69 (9)	2.60	2.70	16.4	15.8	15.8	176	11.5	1.56	3.66	58	24.15	Baa3 / BBB	AEP
CENTERPOINT	16.58	1	29	0.68	1.02 (9)	0.95	1.00	17.5	16.6	16.3	330	22.8	0.60	3.62	59	5.02	Ba2 / BBB	CNP
CMS ENERGY	16.70	3	15	0.96	1.05 (9)	1.00	1.10	16.7	15.2	15.9	163	10.1	0	0	0	10.24	B1 / BB	CMS
CON EDISON	48.07	-0	4	3.00	2.92 (9)	2.85	3.10	16.9	15.5	16.5	156	9.6	2.30	4.78	79	30.90	A2 / A	ED
CONSTELLATION	68.87	0	20	3.62	3.99 (9)	3.75	4.60	18.4	15.0	17.3	286	14.4	1.51	2.19	38	24.07	Baa1 / BBB+	CEG
DOMIN RESOU	83.84	4	9	4.53	5.37 (9)	5.10	5.45	16.4	15.4	15.6	219	15.4	2.76	3.29	51	38.30	Baa1 / BBB+	D
DPL INC	27.78	-1	7	1.27	1.64 (9)	1.40	1.60	19.8	17.4	16.9	443	21.9	1.00	3.60	61	6.27	Ba2 / BB	DPL
DTE ENERGY	48.41	3	12	3.25	4.52 (9)	3.20	3.50	15.1	13.8	10.7	147	14.2	2.12	4.38	47	32.95	Baa2 / BBB	DTE
DUKE ENERGY	33.21	5	21	1.73	1.84 (9)	1.85	2.00	18.0	16.6	18.0	157	9.6	1.28	3.85	70	21.12	Baa1 / BBB	DUK
DUQUESNE LT	19.85	-2	22	1.11	1.02 (9)	1.05	1.45	18.9	13.7	19.5	226	11.6	1.00	5.04	98	8.79	Baa2 / BBB	DQE
EDISON INTL	45.48	-1	4	3.13	3.14 (9)	2.95	3.30	15.4	13.8	14.5	197	14.7	1.16	2.55	37	23.14	Ba2 / BBB	EIX
ENERGY EAST	24.80	2	9	1.78	1.70 (6)	1.80	1.60	13.8	15.5	14.6	132	8.7	1.20	4.84	71	18.85	Baa2 / BBB+	EAS
ENTERGY	92.32	1	34	4.36	4.51 (9)	4.65	5.50	19.9	16.8	20.5	225	11.4	2.16	2.34	48	41.03	Baa3 / BBB	ETR
EXELON	61.89	2	16	3.20	3.14 (9)	3.25	4.55	19.0	13.6	19.7	428	21.2	1.76	2.84	56	14.46	Baa2 / A-	EXC
FIRSTENERGY	60.30	1	23	2.99	3.60 (9)	3.80	4.10	15.9	14.7	16.8	209	12.9	2.00	3.32	56	28.85	Baa3 / BBB-	FE
FPL GROUP	54.42	2	31	2.58	2.86 (9)	2.90	3.40	18.8	16.0	19.0	230	12.6	1.50	2.76	52	23.67	A2 / A	FPL
KEYSPAN	41.18	0	15	2.37	2.42 (9)	2.30	2.45	17.9	16.8	17.0	158	9.4	1.90	4.61	79	26.06	A3 / A	KSE
NISOURCE	24.10	-2	16	1.50	1.40 (9)	1.35	1.45	17.9	16.6	17.2	137	7.9	0.92	3.82	66	17.61	Baa3 / BBB	NI
NO'EAST UT	28.16	0	43	1.18	1.12 (9)	1.15	1.35	24.5	20.9	25.1	175	7.1	0.75	2.66	67	16.06	Baa2 / BBB	NU
NSTAR	34.36	-2	20	1.83	1.92 (9)	1.95	2.10	17.6	16.4	17.9	232	13.3	1.30	3.78	68	14.83	A2 / A	NST
OGE ENERGY	40.00	2	49	1.86	2.42 (9)	2.20	2.35	18.2	17.0	16.5	236	15.1	1.36	3.40	56	16.96	Baa1 / BBB+	OGE
PEPCO HOLDINGS	26.01	1	16	1.52	1.30 (9)	1.60	1.75	16.3	14.9	20.0	138	6.9	1.04	4.00	80	18.85	Baa2 / BBB+	POM
PG&E CORP	47.33	3	28	2.34	2.58 (9)	2.45	2.70	19.3	17.5	18.3	228	12.1	1.32	2.79	51	20.78	Baa1 / BBB	PCG
PINNACLE WST	50.69	3	23	3.37	3.22 (9)	3.15	3.30	16.1	15.4	15.7	149	9.6	2.10	4.14	65	34.07	Baa2 / BBB	PNW
PPL CORP	35.84	-1	22	2.08	2.29 (9)	2.25	2.35	15.9	15.3	15.7	269	18.6	1.10	3.07	48	13.34	Baa3 / BBB	PPL
PROG ENERGY	49.08	3	12	3.33	2.47 (9)	2.55	2.75	19.2	17.8	19.9	155	7.8	2.44	4.97	99	31.58	Baa2 / BBB	PGN
PS ENT GROUP	66.38	-1	2	3.21	3.86 (9)	3.60	4.80	18.4	13.8	17.2	240	15.2	2.28	3.43	59	27.71	Baa1 / BBB	PEG
PUGET ENERGY	25.36	2	24	1.46	1.46 (9)	1.50	1.60	16.9	15.9	17.4	141	8.4	1.00	3.94	68	18.04	Ba1 / BBB-	PSD
SCANA CORP	40.62	-2	3	2.78	2.67 (9)	2.90	3.00	14.0	13.5	15.2	168	11.3	1.68	4.14	63	24.21	A3 / A-	SCG
SEMPRA ENERGY	56.04	3	25	3.96	4.34 (9)	3.60	3.70	15.6	15.1	12.9	196	16.9	1.20	2.14	28	28.53	Baa1 / BBB+	SRE
SOUTHERN CO	36.86	2	7	2.13	2.09 (9)	2.10	2.20	17.6	16.8	17.6	243	14.0	1.55	4.21	74	15.20	A2 / A	SO
TECO ENERGY	17.23	1	0	1.23	1.13 (9)	1.05	1.15	16.4	15.0	15.2	213	14.4	0.76	4.41	67	8.08	Ba2 / BB	TE
TXU	54.21	-6	8	3.33	5.61 (9)	5.55	5.50	9.8	9.9	9.7	n.m.	n.m.	1.73	3.19	31	3.69	Ba1 / BBB	TXU
WESTAR ENERGY	25.96	-2	21	1.59	1.77 (9)	1.65	1.70	15.7	15.3	14.7	151	10.4	1.00	3.85	56	17.23	Ba1 / BB+	WR
WISC ENERGY	47.46	1	22	2.43	2.74 (9)	2.55	2.65	18.6	17.9	17.3	196	11.8	0.92	1.94	34	24.23	A3 / BBB+	WEC
XCEL ENERGY	23.06	0	25	1.20	1.37 (9)	1.30	1.40	17.7	16.5	16.8	165	10.0	0.89	3.86	65	13.99	Baa1 / BBB	XEL
39-Co. Avg.	42.370	1	18			2.48	2.76	17.5	15.8	17.3	207	12.5		3.61	61			

Utility Focus, Electric Utility Monthly, Regulatory Research Associates (January 2007)

EXHIBIT __ (CHS-1)
PAGE 1 OF 4

Companies With ROEs Above 12.5%*

Company	**ROE (Avg.) %**
ALLEG ENERGY	13.1
CENTERPOINT	22.8
CONSTELLATION	14.4
DOMIN RESOU	15.4
DPL INC	21.9
DTE ENERGY	14.2
EDISON INTL	14.7
EXELON	21.2
FIRST ENERGY	12.9
FPL GROUP	12.6
NSTAR	13.3
OGE ENERGY	15.1
PPL CORP	18.6
PS ENT GROUP	15.2
SEMPRA ENERGY	16.9
SOUTHERN CO	14.0
TECO ENERGY	14.4
17 COMPANY AVERAGE	15.9%

**Utility Focus, Electric Utility Monthly*, Regulatory Research Associates (January 2007)

Companies With ROEs Below 12.5%

Company	ROE (Avg.) %
ALLIANT ENERGY	10.1
AMEREN CORP	8.1
AMER EL PWR	11.5
CMS ENERGY	10.1
DUKE ENERGY	9.6
DUQUESNE LT	11.6
ENERGY EAST	8.7
ENTERGY	11.4
KEYSPAN	9.4
NISOURCE	7.9
NO'EAST UT	7.1
PEPCO HOLDINGS	6.9
PG&E CORP	12.1
PINNACLE WEST	9.6
PROG ENERGY	7.8
PUGET ENERGY	8.4
SCANA CORP	11.3
TXU	n.m.
WESTAR ENERGY	10.4
WISC ENERGY	11.8
XCEL ENERGY	10.0
21 COMPANY AVERAGE**	9.7%

**Utility Focus. Electric Utility Monthly*, Regulatory Research Associates (January 2007)

**Remaining RRA Companies excluding CON EDISON.

MOODY'S ECONOMY FORECAST (January 2007)
INTEREST RATES FOR 30 YEAR TREASURY BONDS

2007	Q1	5.26%
	Q2	5.40
	Q3	5.49
	Q4	5.54
	Avg.	5.42%

8

Case No. 06-E-1433

CHARLES A. ZIELINSKI

Q. PLEASE STATE YOUR NAME AND YOUR BUSINESS ADDRESS.

A. Charles A. Zielinski. My business address is 1615 L Street, N.W., Suite 1200, Washington, DC 20036.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND AND EXPERIENCE.

A. From 1970 to early 1973, I was a trial attorney and appellate litigation attorney at the Federal Communications Commission in Washington, D.C. From early 1973 through the middle of 1974, I was legal assistant to then Chairman of the New York Public Service Commission ("Commission"), Joseph Swidler. From the middle of 1974 through late 1976, I was executive assistant to the succeeding Chairman, Alfred Kahn. From late 1976 to late 1977, I was a member of the Commission. From late 1977 to early 1981, I was Chairman of the Commission. Since then I have been a partner in three law firms and based in Washington, D.C. From early 1981 to 1985, I was a partner in the law firm of Wald, Harkrader & Ross. From 1985 to 1995, I was a partner in the law firm of Rogers and Wells. From 1995 to the present, I have been a partner in the law firm of Bell, Boyd & Lloyd. At each of these firms, I have provided counsel to clients on matters of law and government policy affecting the provision of telecommunications and energy services. I have also represented clients before federal and state regulatory agencies, and in federal courts, as to such matters. On occasion, although not recently, I have presented testimony on government policy issues on behalf of clients before regulatory agencies, as well as by invitation before committees of the United States Congress, and committees of state legislatures.

Q. WHAT ISSUES DO YOU ADDRESS?

A. In its *Order Instituting Proceeding to Show Cause* (issued December 15, 2006) ("*Order to Show Cause*"), the Commission directed Orange and Rockland Utilities, Inc. ("O&R"or the "Company") to show cause "why the Commission should not direct the Company to immediately file tariff revisions to reduce its rates." (*Id.* at 5). As noted in Judge Liebschutz's *Ruling Granting Extension of Time* (issued January 9, 2007), the Consumer Protection Board ("CPB") advocates that the Commission "either direct O&R to immediately reduce its rates, or, in the alternative to make existing rates temporary . . . ." (*Id.* at 3). Department of Public Service Staff ("Staff") submits that "[t]he Commission should consider . . . establishing the company's existing rates as temporary rates subject to refund . . . ." *Department of Public Service Staff Response to Petition for Rehearing and Clarification and Interlocutory Appeal of Procedural Rulings*, filed January 25, 2007, ("*Staff Response*"). The primary issues that I have been asked to address are whether, as a matter of sound regulatory policy, and pending a final order on permanent rate changes, if any, based on a fully litigated proceeding or on a Commission-approved settlement, the Commission should: (a) immediately reduce O&R's rates in a specified amount, subject to reparations to or recoupment by the Company; or (b) make O&R's existing filed rates temporary in a specified amount, and subject to refund to customers. In its *Petition for Rehearing and Clarification*, filed January 4, 2007, O&R contends that a temporary rate Order in this case would violate the Company's right to equal protection of law under the Fourteenth Amendment to the United States Constitution. I do not address that independent legal argument, or any other legal argument. My analysis is confined to the regulatory policy issues raised by the temporary rate measures that CPB advocates and that Staff contends the Commission should consider.

Q. WHAT ASSUMPTIONS HAVE YOU MADE?

A. I assume the Commission continues to regard temporary rates as an exception to the norm of permanent rates. While the Commission *may* order a temporary electric rate decrease under Section 72 of the Public Service Law, and *may* make electric rates temporary under Section 114 of that statute, the Commission, for good reason, is not compelled to do so. Permanent rates send price signals to consumers on which they rely to make decisions about consuming or conserving electricity. Utility investors and managers also rely on permanent rates to make investment and operational decisions. In contrast, temporary rates send a distorted signal on which neither consumers, investors nor utility managers can rely. Such rates are unreliable, almost by definition, because they are temporary. In addition to the foregoing, I assume that the basic goals of a sound temporary rate regulatory policy continue to be equity and efficiency.

Q. WHAT STANDARD HAS THE COMMISSION USED TO DECIDE REQUESTS FOR TEMPORARY RATE INCREASES?

A. In 1996, the Commission observed that "[t]he prevailing approach for considering temporary rates emerged in the mid-1970s." *Niagara Mohawk Power Corporation*, 1996 N.Y. PUC LEXIS 267, Opinion No. 96-14 at 28 (issued May 31, 1996). In that 1996 case, the Commission reiterated the standard stated in *Long Island Lighting Company*, 16 NYPSC 189, Opinion 76-5 (issued March 16, 1976): "temporary rate relief should be limited to cases of financial emergency, where denial would place the utility in jeopardy of not being able to fulfill its statutory obligation to provide adequate service to its customers." Opinion 96-14 at 29. I am not aware of any case since 1996 in which the Commission has changed this standard. The Commission did not discuss equity or efficiency goals of temporary rate policy in the 1996 or the 1976 decisions. However, those goals were alluded to in the earlier case of *Rochester G&E Corp.*, 14 NYPSC 1064 (1974).

Q. HOW WERE THOSE GOALS EXPLAINED?

A. Equity and efficiency objectives of temporary rate policy were succinctly explained in the separate concurring opinions filed by Commissioner Roth and Chairman Kahn in *Rochester G&E Corp.* That case involved a request for a temporary increase in rates, subject to refund, pending a decision on the utility's request for a permanent increase in rates. The company argued, in part, that a temporary rate increase in the amount advocated by Staff after hearings was warranted, because that was the lowest permanent rate increase the Commission would ultimately allow. Although both Commissioner Roth and Chairman Kahn voted for a temporary rate increase on other grounds, each recognized that permitting a temporary rate increase would eliminate part of the "lag" between the company's request to increase rates and implementation of a permanent rate increase. Commissioner Roth observed that "the lag in granting rate relief amounts to an equitable offset to those periods when the utility earns high returns." 14 NYPSC at 1070. It follows of course from that proposition that if the utility's rates are promptly reduced when the utility reports a return that is "high," there is no "equitable offset" in the temporary rate policy.

Chairman Kahn's concurring opinion explains one of the efficiency goals of temporary rate policy. "Regulatory lag, it is widely recognized, serves the important function of encouraging regulated companies to improve efficiency. . . . Temporary rate increases ought, therefore, in my judgment to be confined to emergencies of a kind that cannot have been provided for in permanent rates . . . ." 14 NYPSC at 1068. As Chairman Kahn pointed out elsewhere, the efficiency incentive produced by regulatory lag applies whether the regulated company is earning more as well as less than a previously determined rate of return. "Of course, if the regulatory lag is on balance helpful, attempts to make regulation 'more efficient' in limiting the rate of return to the prescribed levels not just from one major rate case to another but year to year are likely to be on balance harmful." A.E. Kahn, *The Economics of Regulation*, Vol. II at 60 (MIT Press 1988). The point is that the utility has an incentive to improve efficiency to minimize the loss during a period when its rates produce revenues less than its current costs, and to maximize the gain during periods when its rates may be able to produce revenues in excess of its current costs.

When the regulatory process works with such lags, it mimics to some extent what goes on in effectively competitive markets. In the latter markets, each firm has a continuing incentive to improve efficiency. When one firm achieves an efficiency improvement, it temporarily reaps the benefit of that improvement and its less efficient rivals temporarily absorb the loss. When the rivals are able to achieve comparable efficiency, the competitive market returns to equilibrium and the aggregate efficiency gain flows to buyers. This is of course a continuous process in dynamic competitive markets. Similarly, regulatory lag may allow temporary gains or losses to more or less efficient utilities until permanent rate adjustments are made. Thus, confining temporary rate increases or decreases to extraordinary situations goes hand-in-hand with the Commission's long-standing efforts both to replace economic regulation with effective competition wherever possible, and otherwise to mimic competition through "performance-based" regulation.

One form of "performance-based" regulation is the long-term rate plan, during which prices are not adjusted simply because a utility reports more or less than a benchmark return on equity. The Commission adopted such a rate plan for O&R

for the 40-month period ending October 31, 2006. (*Order Adopting The Terms of a Joint Proposal*, Case 03-E-0797, issued and effective October 23, 2003). CPB supported the rate plan "in its entirety . . . because it would freeze base electric rates through October 2006 and strengthen service quality and reliability." (*Id.* at 6). Staff also subscribed to the plan, which provided that any O&R earnings in excess of a 12.75% return on equity would be shared between the Company's investors and customers on a 50/50 basis during the period of the plan. (*Id.* at 4). In approving the plan, the Commission did not prescribe the 12.75% return on equity, or state that it represented O&R's cost of equity capital. It is my understanding that the 12.75% return on equity simply represented a benchmark for sharing agreed upon by the parties and approved by the Commission, along with all of the other terms and conditions of the plan.

Q. IS THERE AN EQUITABLE EQUIVALENT TO THE "FINANCIAL EMERGENCY" TEST FOR TEMPORARY RATE INCREASES THAT SHOULD BE APPLIED TO TEMPORARY RATE DECREASES?

A. As a general rule, the Commission in the past granted temporary rate increases only on the basis of evidence examined at hearings demonstrating the utility's exceedingly poor current and projected financial condition, a recommended decision from the Administrative Law Judge presiding over the hearings, and briefs from the parties. The equitable equivalent general rule for a temporary rate decrease requires evidence examined at hearings demonstrating a utility's exceedingly robust current and projected financial condition, a recommended decision from the Administrative Law Judge presiding over the hearings, and briefs from the parties. As a general guideline for efficiency, there should also be a high probability that a permanent increase in rates will be at least as great as any temporary increase in rates, and that a permanent decrease in rates will be at least as great as any temporary decrease in rates.

Q. HOW ARE THOSE GUIDELINES RELEVANT TO EFFICIENCY?

A. In the case of a temporary rate increase, rates are immediately increased to produce a specified increase in revenue pending determination of permanent rates. If the permanent rates are designed to produce revenues less than those which the temporary rates have produced, rate levels are permanently reduced and the utility may be required to refund the excess revenues it collected under temporary rates. To make such refunds, the permanent rates must be further reduced, below the level found reasonable and efficient by the Commission, until the refund has been accomplished, and then increased to the permanent rate level. To minimize the potential for such inefficient "roller coaster" rates, there ought to be a very high probability that there will be a permanent rate increase that is at least as great as any temporary rate increase. That guideline is implicit in past Commission decisions in which it has granted temporary rate increases. For example, in the *Rochester G&E Corp.* case, to which I have previously alluded, the Commission permitted temporary rates to increase electric service revenues by $9.5 million annually (14 NYPSC 1064) and later determined that rates should be permanently increased to produce annual electric revenues of $17.992 million (14 NYPSC 1416).

In the case of a temporary rate decrease, rates are immediately decreased to produce a specified decrease in revenue pending determination of permanent rates. If the permanent rates are designed to produce more revenues than those which the temporary rates have produced, rate levels are permanently increased from the temporary level, and the utility may be entitled to recoup the amount of revenues it was not permitted to collect because rates were temporarily reduced below the level of permanent rates. To make reparations, permanent rate levels may have to be further increased, above the level found reasonable and efficient by the Commission, until the reparations have been collected, and then decreased to the permanent rate level. To minimize the potential for such inefficient "roller coaster" rates, there ought to be a very high probability that there will be a permanent rate decrease that is at least as great as any temporary rate decrease.

Q. UNDER WHAT CIRCUMSTANCES IN RECENT YEARS HAS THE COMMISSION REQUIRED A TEMPORARY RATE DECREASE?

A. About five years ago, the Commission ordered a temporary rate decrease in *New York State Electric & Gas Corporation*, 2002 N.Y. PUC LEXIS 8, 214 P.U.R. 4th 514 (slip op. issued January 10, 2002) ("*NYSEG*"). The Commission made this determination only after evidentiary hearings had been conducted and the utility had "been afforded four rounds of briefs on temporary rate issues."

Slip. Op. at 12. The Commission also made its determination based on its own finding that the utility was currently "earning 35% on equity, an amount 'well in excess of returns authorized for electric, gas or telephone corporations'" (*Id.* at 1), and a Staff analysis in the record indicating that the utility's current rates would produce a return on equity of 23.6% in 2002 and 40.5% in 2003. (*Id.* at 20). The Commission also specifically found, on the basis of record evidence, that "NYSEG's rates now generate $300 million/year in excess of costs, including a fair return on equity," and that "NYSEG's rates are 23% more than those for the next closest state utility . . . ." (*Id.*).

Moreover, issues concerning the utility's permanent and temporary rates had been fully litigated when the Commission acted. As the Commission noted:

> Briefs on NYSEG's proposed PPP which could lead to the establishment of permanent rates had been scheduled for filing in November 2001. Prior to the deadline Staff wrote to the Administrative Law Judges requesting that the briefing schedule be suspended to allow the parties to reduce to writing a joint proposal based on an agreement in principle allegedly reached on November 19, 2001. NYSEG did not oppose Staff's motion, which was granted in a Procedural Ruling issued November 21, 2001. While, given the passage of time, we would normally be inclined to reinstate a briefing schedule on the issue of permanent rates for NYSEG in a letter to Chairman Helmer dated December 18, 2001, NYSEG alleged that a settlement is within reach. On the same day, Staff wrote to Secretary Deixler stating that negotiations should continue. Because this matter has not yet been resolved, as well as for the reasons discussed below, temporary rates have become necessary. (*Id.* at 15, fn.13).

The *NYSEG* decision is an example of consistent application of temporary rate policy. The Commission had before it record evidence of the utility's exceedingly robust financial condition on a current and projected basis. Moreover, four rounds of briefs on temporary rates had been filed. In that case, the Commission also mirrored its approach to temporary rate increases when it followed "a conservative approach" in "determining the level at which temporary rates should be set." (*Id.* at 14). Although Staff advocated a $300 million permanent rate reduction, the Commission ordered a $205 million temporary rate reduction, "[t]he smallest temporary rate reduction advocated by the parties" supporting a temporary rate reduction. (*Id.*). The Commission subsequently approved a permanent rate reduction in that amount. *Order Adopting Provisions of Joint Proposal With Modifications,* 2002 N.Y. PUC LEXIS 77 (slip op. issued February 27, 2002). Thus, the Commission ordered a temporary rate decrease under standards and guidelines similar to those which it has used to grant temporary rate increases.

Q. ARE THE POSTURE AND CIRCUMSTANCES OF THIS CASE COMPARABLE TO THOSE IN THE *NYSEG* CASE?

A. Not at this point. There is no record and there have been no evidentiary hearings to adduce all facts relevant and material to O&R's financial condition on a current and projected basis. No briefs based on record evidence have been submitted. Whereas in *NYSEG*, Staff presented evidence that the utility's existing rates would produce returns on equity of 23.6% and 40.5% in the next two years, and of over 40% in the succeeding three years (*Id.* at 2, fn.3), there is at this point no evidence that has been examined in hearings as to what return on equity O&R would earn under its current rates in the next two or five years. CPB cites only past returns on equity from three prior years, which are far lower than the returns on equity projected by Staff in *NYSEG*. There is no record evidence on the amount by which O&R's rates could be temporarily reduced under a "conservative approach" or any other approach. In short, there are no circumstances at this point in this case that are even roughly equivalent to the "financial emergency" required for a temporary rate increase.

Q. UNDER WHAT CONDITIONS WOULD IT BE REASONABLE FOR THE COMMISSION TO MAKE ALL OR A PORTION OF A UTILITY'S CURRENT RATES TEMPORARY AND SUBJECT TO REFUND?

A. As I have already pointed out, temporary rates send distorted signals to consumers, investors and utility managers. They should therefore be employed only under exceptional circumstances. As I have already shown, there is no justification for a temporary rate reduction in this proceeding at this time. Making rates temporary and subject to refund sends a more distorted signal than a justified temporary rate decrease, which is based on a high probability that a permanent rate decrease will be at least as great. In the latter case, consumers, investors and utility managers know there is a high likelihood that the temporary rate decrease will become permanent. When existing rates are made temporary and subject to refund, consumers, investors and utility managers do not know what to expect. On the one hand, the Commission may decline to reduce rates. On the other hand, the Commission may decide to order a permanent rate reduction. In that case, permanently reduced rates would have to be decreased below the levels found efficient and reasonable by the Commission to make the refunds and then increased back to the permanent levels, producing the inefficient "roller coaster" rates to which I have previously alluded.

For these reasons, the Commission should use this regulatory tool, as a general rule, only on those rare occasions when it is unable to determine permanent rate levels within a reasonable period of time. Utility tariff filings to increase rates permanently are subject to thirty days' notice and up to ten months of suspension under the Public Service Law. In the past, the Commission has established schedules in response to such filings necessary to decide permanent rates within the prescribed time period. The Commission has rarely not decided permanent rates in such cases within the prescribed time period. If it cannot do so, however, the Commission can reasonably allow the rates proposed by the utility to take effect at the end of the suspension period, subject to refund upon later determination of reasonable permanent rates. In cases initiated by the Commission to determine whether a utility's rate levels should be permanently reduced, making part of a utility's rates temporary and subject to refund may be reasonable under comparable conditions. Although there is no statutory time period for deciding such cases, it is possible for the Commission to establish schedules for such cases in which they would be decided within the same period of time contemplated for utility initiated rate increases. If that schedule cannot be met due to bad faith, recalcitrance or lack of cooperation by the utility, making part of the utility's rates temporary and subject to refund until permanent rates are determined may be warranted. The latter conditions are not present in this case; nor could they be at this point.

Q. UNDER WHAT CIRCUMSTANCES HAS THE COMMISSION MADE A PORTION OF THE REVENUES PRODUCED BY A UTILITY'S EXISTING RATES TEMPORARY?

A. In its letter of January 11, 2007 to Judge Liebschutz, CPB noted that the Commission conducted and relied on truncated proceedings to make a portion of the revenues produced by existing rates temporary in *Jamaica Water Supply*, Case 92-W-0583, 1992 N.Y. PUC LEXIS 32, Opinion No. 92-23 (issued August 6, 1992). However, that decision by the Commission stemmed from prior proceedings concerning that utility's rates, practices, and service. The Commission's quick imposition of the extraordinary remedy of making a portion of the revenues produced by existing rates temporary, and subject only to refund, was based on extensive evidence of the utility's exceedingly poor performance. While the utility consistently reported returns on equity higher than those on which its permanent rates had been determined over a six-year period, the utility also consistently increased its rates based on projected increases in its costs of operation, and provided poor service over that same period. Municipal government even threatened to condemn the utility's waterworks and assume their operation.

In *Jamaica Water Supply*, Case 92-W-0295, 1991 N.Y. PUC LEXIS 172, Opinion No. 91-5 (issued March 8, 1991), the Commission considered the recommended decision of the presiding Administrative Law Judge in favor of a permanent rate increase for the utility and ruled on exceptions to that decision. The Commission observed that "there appears to be a pattern of over-earnings over the past several years, yet the company continues to file annual requests for increased rates." Opinion 91-5 at 28. The Commission further found "sufficient indication . . . of possible problems with projections employed in *Jamaica* rate cases" and was, "accordingly, unwilling to approve a permanent rate increase based upon the validity of similar projections." (*Id.*). The Commission allowed the utility "to place into effect rates designed to produce the revenue requirement suggested by case projections" – about $4 million – but made "a portion of the increase ($2 million) temporary and subject to refund, pending further examination of the validity of the forecasts used in this case." (*Id.* at 29). The Commission noted that $2 million "equates approximately to the level of excessive earnings in 1990." (*Id.* at fn.8). The Commission then ordered the company "to show cause why it should be allowed on a permanent basis the full increase suggested by the projections introduced in this case in light of the doubt cast on the validity of those estimates by the company's actual experience with similar projections in recent rate cases." (*Id.* at 29).

An Administrative Law Judge presided over the subsequent show cause hearings. At a public statement session held as part of those hearings, "approximately 400 customers appeared and numerous speakers complained about such matters as Jamaica's high prices, its rate structure, meter inaccuracies, poor water quality, and the unresponsiveness of Jamaica's customer service personnel." Opinion No. 92-18 at 4 (issued July 10, 1992), 1992 N.Y. PUC LEXIS 35. The Commission also received "approximately 1000 letters . . . complaining only indirectly about alleged company overearnings, but specifically addressing the rate and service problems." (*Id.*) On January 8, 1992, in response to these concerns, the Commission directed its Staff to audit the company's operations. Staff subsequently completed its audit and issued a report with findings of inefficiencies and recommendations for improvements in the utility's operations. In response, the Commission instituted *Jamaica Water Supply*, Case 92-W-0583, on June 26, 1992 to investigate the costs and benefits of Staff's recommendations and ordered the utility to show cause why further temporary rate measures should not be adopted in light of Staff's report.

After completion of the show cause hearings in Case 92-W-0295, the Commission considered the recommended decision of the Administrative Law Judge and exceptions thereto. The Judge determined that there had been flaws in the utility's forecasting methodologies, and recommended that $1.4 million of the $2 million in rates made temporary should be refunded to customers. The Commission determined that the entire $2 million should be refunded to customers and that the utility's rates should be reduced prospectively by $2 million. Opinion 92-18 at 17. In support of its action, the Commission cited cases in which it had not been able to decide permanent rate levels within the ten-month period allowed by the Public Service Law for suspension of a utility's filing of tariffs with increased rates. The Commission observed that it had authority to make the rates filed by a utility temporary and subject to refund after they have become effective at the end of the suspension period. The Commission noted that it had taken such action in its Opinion 91-5. (*Id.* at 25-26). Barely a month later, the Commission released Opinion No. 92-23 in *Jamaica Water Supply*, Case 92-W-0583, on which CPB relies. That case, as I have already noted, was commenced on June 26, 1992 as an outgrowth of the show cause proceedings that led to the Commission's Opinion No. 92-18 in Case 90-W-0295. Opinion No. 92-23 was premised on Opinion 92-18, and on the results of the Staff audit of the utility's operations, which the Commission had previously ordered and to which I have already alluded. "The staff auditors concluded that the company is plagued by major problems and inefficiencies that could have resulted in Jamaica's customers paying as much as $10.6 million in excess costs. The audit made 190 specific recommendations for changes and improvements in the company's operation." Opinion 92-23 at 6. The Commission expected that the investigation into inefficiencies in the utility's operations and the costs of implementing Staff's recommendations would "take some time to complete" and proposed "[i]n the meantime . . . making rates temporary so that refunds may be directed if warranted." (*Id.*). Comments were filed by interested parties. An Administrative Law Judge presided over one day of hearings on July 20, 1992, after which the company and interested parties were permitted to state their positions. (*Id.* at 3). Seventeen days later, the Commission issued its opinion deciding issues and directing that rates in the amount of the $10.6 million in excess revenues alleged by the Staff's audit be made temporary until "the conclusion of this proceeding, at which time permanent rates for Jamaica will be set." (*Id.* at 29). Thus, the Commission continued its examination of the proper level of permanent rates for the utility, which began in Case 92-W-0295 with the utility's request for a permanent increase in its rates after several previous permanent rate increases. Rates in the amount of $10.6 million remained temporary until a settlement was approved by the Commission almost two years later. *Opinion and Order Approving Settlement Agreement,* 1994 N.Y. PUC LEXIS 9, 34 NY PSC 477 (Opinion 94-6, issued March 2, 1994).

Q. ARE THE POSTURE AND CIRCUMSTANCES OF THIS CASE COMPARABLE TO THOSE IN THE *JAMAICA* CASES?

A. Not in any relevant or material sense. In the *Jamaica Water Supply* ("*Jamaica*") cases, the utility continually sought rate increases, while earning more than the return on equity on which its rates had been based, over a six-year period. From this pattern the Commission inferred "possible problems with the projections employed in Jamaica rate cases" and for this reason made a portion of the revenue increase it permitted temporary, and subject to refund, pending investigation of the utility's projection methodology. Opinion No. 91-5 at 28-29. The Commission later made another portion of the utility's revenues temporary based on a Staff audit showing the incurrence of significant unnecessary costs due to inefficient management practices.

In contrast, it is my understanding O&R has not increased its electric rates for more than a decade, has permanently lowered its rates during that period, and is not seeking to increase its rates now. O&R has reported returns on equity within a range allowed by its approved rate plan. There is no pattern of cases in which O&R has proposed to increase its rates from which "possible problems with the projections employed" can be inferred. There is no Staff audit of O&R showing the incurrence of significant unnecessary costs due to inefficient management practices. As I have previously pointed out, O&R had an incentive under its rate plan to improve efficiency so that it could earn more than the benchmark return on equity without increasing its rates, and O&R still has an incentive to improve efficiency so that it can maximize earnings without increasing rates. If O&R were able to do so until permanent rates are established, it would not, contrary to Staff's characterization, constitute "unjust enrichment." (*Staff Response* at 11). The bases offered by CPB for a temporary rate decrease in the amount of $25 million and for its alternative of making rates temporary in presumably the same amount (which Staff seems to support in an amount of $19.5 million (*Staff Response* at 11)) are: (1) that O&R has reported returns on equity in excess of the 12.75% threshold for sharing in its rate plan; and (2) the Commission has found lower returns on equity reasonable in other recent rate cases. It is my understanding that the lower equity returns which CPB and Staff cite are returns on which base rates were determined, and not the higher return levels at which those utilities would start to share earnings. CPB and Staff also choose to ignore the fact that O&R, unlike the utility in *Jamaica*, has not sought to increase its rates throughout this period, and, unlike the utility in *Jamaica*, is not seeking to increase its rates now. In addition, unlike the utility in *Jamaica*, there is no evidence that O&R is "plagued by major problems and inefficiencies" in its operations. Indeed, it might be inferred from O&R's demonstrated ability to earn more than its benchmark return on equity without increasing its rates that its operations are increasingly efficient. In these circumstances, CPB's suggestion that the Commission extend what it did in the *Jamaica* cases to O&R in this case turns the concept of "performance-based" regulation on its head. There are also dangerous implications in CPB's proposal (in which Staff seems to join) for the Commission's temporary rate policy.

Q. WHAT ARE THOSE IMPLICATIONS?

A. CPB proposes that a utility's prevailing rates should immediately be made temporary, and subject only to refund, solely because the utility has reported a return on equity that is greater than the returns on equity the Commission has found to be reasonable in recent rate cases. Staff wants the Commission to "consider" the same proposition. If permanent rates are then set at levels lower than prevailing rates, refunds are owed to customers. The Commission, however, should maintain an equitable policy. As a matter of equity, it would follow from CPB's proposal in this case, which Staff wishes the Commission to consider, that when a utility reports a return on equity that is less than the returns on equity the Commission has found to be reasonable in recent rate cases, the Commission should make that utility's prevailing rates temporary and subject only to recoupment pending determination of permanent rates. If the permanent rates are then set at levels higher than prevailing rates, reparations are collectable from customers. Had this been the Commission's policy in the 1970's, when, for example, the average cost of equity for electric utilities determined by the Commission rose from 12% to 14% in 1974, and electric utilities were reporting returns on equity far less than 14%, reparations in untold amounts might have been collectable from customers already heavily burdened by severe inflation. That would have been an highly inefficient outcome, and CPB as well as Staff would surely have vigorously opposed it. Although CPB, perhaps joined by Staff, would urge that a utility's rates be made temporary and subject to refund on the grounds that the Commission has recently determined that the cost of equity capital for other utilities has declined, what goes down will eventually go up, and I doubt that CPB or Staff would support making a utility's rates temporary subject only to reparations because the Commission has recently determined that the cost of equity capital for other utilities has increased. Sound temporary rate regulatory policy should promote equity and efficiency on a consistent basis.

Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes.

NEW YORK PUBLIC SERVICE COMMISSION

ELECTRIC CASE 06-E-1433

ORANGE AND ROCKLAND UTILITIES, INC.

VOLUME 2

EXHIBITS

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF EXHIBITS

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Exhibit E-1

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF SCHEDULES

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3	Net Book Value of Electric Plant in Service	"
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5	Statements Showing Electric Plant in Service and Average Cost per Customer	"
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ORANGE AND ROCKLAND UTILITIES, INC.
BALANCE SHEET

ASSETS AND OTHER DEBITS	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006
Utility Plant					
Electric Plant in Service	$552,159,181	$577,743,693	$595,410,428	$628,022,025	$671,181,011
Gas Plant in Service	299,221,121	316,723,049	334,566,052	359,503,727	383,565,918
Common Utility Plant in Service	117,429,503	118,466,908	121,247,980	123,623,999	124,923,735
Electric Plant Held for Future Use	1,332,146	1,064,970	759,907	642,681	3,791,002
Gas Plant Held for Future Use	22,214	22,214	22,214	22,214	210,335
Construction Work in Progress	18,684,426	20,685,462	22,741,457	29,034,664	35,018,203
Total Utility Plant	988,848,591	1,034,706,296	1,074,748,038	1,140,849,310	1,218,690,204
Accumulated Provision for Depreciation:					
Electric	186,262,227	200,145,375	204,729,442	212,667,255	221,099,526
Electric Plant Held for Future Use	180,616	160,053	164,947	167,059	71,377
Gas	98,742,534	103,806,325	105,828,487	111,762,480	117,576,739
Gas Plant Held for Future Use	4,130	4,545	4,961	5,376	0
Common	51,457,265	53,883,217	58,857,920	62,943,439	66,838,712
Total Accum. Provision for Depreciation	336,646,772	357,999,515	369,585,757	387,545,609	405,586,354
Net Utility Plant	652,201,819	676,706,781	705,162,281	753,303,701	813,103,850
Other Property and Investments					
Nonutility Property	152,316	113,927	65,168	57,958	57,958
Accumulated Provision for Depreciation	(151,500)	(141,824)	(87,091)	(87,496)	(88,104)
Investments in Subsidiary Companies	149,261,072	160,275,213	132,915,554	143,933,249	157,161,579
Other Investments	-	-	-	-	-
Total Other Property and Investments	149,261,888	160,247,316	132,893,631	143,903,711	157,131,433
Current and Accrued Assets					
Cash	146,941	4,747,811	2,026,111	73,427	621,234
Other Special Deposits	1,000	1,000	1,000	1,000	1,000
Working Funds	15,700	15,700	15,700	15,700	11,605
Temporary Cash Investments	70,925	3,233	4,616,316	56,043	14,462
Customer Accounts Receivable	46,290,275	49,510,275	43,495,992	50,679,154	61,475,163
Other Accounts Receivable	4,334,077	7,533,252	2,746,277	36,363,134	43,042,155
Accum. Prov. for Uncollectible Accounts	(2,435,000)	(3,617,957)	(3,784,957)	(3,667,563)	(3,034,615)
Accounts Receivable from Assoc. Cos.	20,279,377	23,081,706	40,998,554	45,576,942	29,089,161
Materials and Supplies	4,542,505	4,708,206	4,416,239	4,982,156	5,372,434
Gas Stored Underground	15,702,861	28,843,178	42,528,761	61,479,360	56,829,269
Prepayments	11,488,997	10,291,971	11,314,221	10,572,362	9,854,317
Accrued Utility Revenue	16,163,017	14,584,364	22,214,869	23,060,636	28,166,158
Misc. Current and Accrued Assets	9,171,682	10,143,479	10,667,978	10,914,340	11,812,329
Derivative Instrument Assets - Hedges	-	-	9,026,067	53,917,492	1,037,421
Total Current and Accrued Assets	125,772,357	149,846,218	190,283,128	294,024,183	244,292,093
Deferred Debits					
Unamortized Debt Expense	7,048,585	6,525,854	6,027,717	5,867,017	5,859,157
Extraordinary Property Losses	-	-	-	-	-
Prelim. Survey and Investigation Charges	95,594	13,920	-	-	-
Clearing Accounts	(1,323)	-	-	-	-
Miscellaneous Deferred Debits *	150,495,172	137,797,413	180,734,180	203,261,543	385,534,712
Investment in Research and Development	304,104	673,469	1,073,412	1,597,794	12,876,529
Accum. Deferred Federal Income Tax	47,034,834	36,892,967	50,107,334	52,127,309	65,035,221
Total Deferred Debits	204,976,966	181,903,623	237,942,643	262,853,663	469,305,619
Total Assets and Other Debits	$1,132,213,030	$1,168,703,938	$1,266,281,683	$1,454,085,257	$1,683,832,995

* Includes Regulatory Assets

ORANGE AND ROCKLAND UTILITIES, INC.
BALANCE SHEET

Exhibit E-1
Schedule 1

LIABILITIES AND OTHER CREDITS	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006
Proprietary Capital					
Common Stock Issued	$5,000	$5,000	$5,000	$5,000	$5,000
Preferred Stock Issued	-	-	-	-	-
Preference Stock Issued	-	-	-	-	-
Premium on Capital Stock	194,498,787	194,498,787	193,995,052	194,507,223	194,507,223
Other Paid in Capital	(14,965,622)	(10,590,692)	(10,034,344)	(8,116,585)	(33,757,136)
Capital Stock Expense	-	-	-	-	-
Retained Earnings	39,282,740	45,733,571	52,738,323	20,117,972	24,515,227
Unappropriated Undistributed					
Subsidiary Earnings	129,406,218	140,420,358	151,060,699	162,078,394	175,306,724
Total Proprietary Capital	348,227,123	370,067,024	387,764,730	368,592,004	360,577,038
Long term Debt					
Bonds	-	-	-	-	-
Other Long Term Debt	279,000,000	279,000,000	279,000,000	319,000,000	394,000,000
Unamort. Prem. on Long Term Debt	-	-	-	-	-
Unamortized Disc. on Long Term Debt	(1,295,910)	(1,180,210)	(1,064,509)	(1,022,787)	(1,032,336)
Total Long Term Debt	277,704,090	277,819,790	277,935,491	317,977,213	392,967,664
Current and Accrued Liabilities					
Notes Payable	50,285,000	38,084,350	35,775,000	136,893,500	73,550,000
Accounts Payable	53,543,939	63,029,718	59,209,816	68,402,018	63,166,165
Accounts Payable to Assoc. Cos.	17,227,688	31,879,696	42,696,230	34,434,759	68,946,859
Customer Deposits	9,684,426	10,325,823	11,984,906	11,558,696	12,035,540
Taxes Accrued	538,664	1,017,193	1,834,601	1,414,198	2,281,816
Interest Accrued	7,257,186	4,668,252	4,474,591	4,783,560	8,184,244
Dividends Declared	-	-	-	-	-
Tax Collections Payable	-	647,920	1,253,365	865,053	1,056,311
Derivative Instrument Liabilities - Hedges	19,103,579	16,762,719	15,693,619	13,326,387	11,532,466
Misc. Current and Accrued Liabilities	54,930,038	45,422,241	78,116,732	75,906,469	111,588,112
Total Current and Accrued Liabilities	212,570,520	211,837,912	251,038,860	347,584,640	352,341,513
Deferred Credits					
Customer Advances for Construction	867,842	884,970	1,461,953	1,997,897	2,092,638
Other Deferred Credits	53,949,813	45,374,817	62,981,698	121,570,969	68,853,646
Accum. Def. Investment Tax Credits	4,404,937	4,067,077	3,732,806	3,364,021	3,060,476
Accumulated Deferred Income Taxes:					
Accelerated Amortization	-	-	-	-	-
Liberalized Depreciation	102,025,897	104,049,087	112,500,742	116,587,265	120,455,591
Other	37,057,200	58,604,518	72,131,068	79,206,582	87,894,266
Total Deferred Credits	198,305,689	212,980,469	252,808,267	322,726,734	282,356,617
Operating Reserves					
Property Insurance Reserve	-	-	-	-	-
Injuries and Damages Reserve	7,100,000	6,760,268	6,220,000	6,030,000	6,019,496
Pensions and Benefits	86,089,779	85,976,950	87,249,760	90,750,143	289,326,343
Miscellaneous Operating Reserves	2,215,829	3,261,525	3,264,575	424,522	244,324
Total Operating Reserves	95,405,608	95,998,743	96,734,335	97,204,665	295,590,163
Total Liabilities & Other Credits	$1,132,213,030	$1,168,703,938	$1,266,281,683	$1,454,085,256	$1,683,832,995

ORANGE AND ROCKLAND UTILITIES, INC.
Statement of Retained Earnings

Exhibit E-1
Schedule 2

RETAINED EARNINGS (216)	Dec. 31, 2002	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006
Unappropriated Retained Earnings - Beginning of Period	$31,908,734	$39,282,740	$45,733,571	$52,738,323	$20,117,972
Stock Repurchase Program	-	-	-	-	-
Redeem Series I Stock Expense	-	-	-	-	-
Redemption of Preferred and Preference	-	-	-	-	-
Sale of Stock (Merger)	-	-	-	-	-
Balance Transferred from Income (A)	35,374,006	34,450,831	35,004,751	38,379,649	32,397,255
Dividends Declared:					
Preferred Stock	-	-	-	-	-
Preference Stock	-	-	-	-	-
Common Stock	(28,000,000)	(28,000,000)	(28,000,000)	(71,000,000)	(28,000,000)
Net Change to Unappropriated Retained Earnings	7,374,006	6,450,831	7,004,751	(32,620,351)	4,397,255
Unappropriated Retained Earnings - End of Period	$39,282,740	$45,733,571	$52,738,323	$20,117,972	$24,515,227

UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (216.1)					
Unappropriated Undistributed Subsidiary Earnings - Beginning of Period	$119,883,845	$129,406,218	$140,420,358	$151,060,699	$162,078,394
Equity in Earnings for Period (A)	9,522,373	11,014,140	10,640,341	11,017,695	13,228,330
Other Changes (Merger)	-	-	-	-	-
Unappropriated Undistributed Subsidiary Earnings - End of Period	$129,406,218	$140,420,358	$151,060,699	$162,078,394	$175,306,724

(A) Reconciliation of Net Income to Balance Transferred from Net Income:

Net Income	$44,896,379	$45,464,971	$45,645,092	$49,397,344	$45,625,585
Equity in Subsidiary Earnings	9,522,373	11,014,140	10,640,341	11,017,695	13,228,330
Balance Transferred from Income	$35,374,006	$34,450,831	$35,004,751	$38,379,649	$32,397,255

ORANGE AND ROCKLAND UTILITIES, INC.
Net Book Value of Electric Plant in Service
December 31, 2003

Account No.		Electric Plant in Service	Accumulated Provision for Depreciation & Amortization	Net Book Value
	Intangible Plant			
301	Organization	20,657	-	20,657
302	Franchises and Consents	1,230,273	887,593	342,679
	Total Intangible Plant	1,250,929	887,593	363,336
	Transmission Plant			
350	Land and Land Rights	9,027,806	3,721,357	5,306,448
352	Structures and improvements	5,843,391	1,878,683	3,964,708
353	Station Equipment	62,770,377	16,672,169	46,098,208
354	Towers and Fixtures	4,420,764	1,860,839	2,559,926
355	Poles and Fixtures	22,543,445	9,575,826	12,967,619
356	Overhead Conductors and Devices	15,622,908	5,602,979	10,019,929
357	Underground Conduit	259,453	302,927	(43,474)
358	Underground Conductors and Devices	726,434	493,769	232,665
359	Roads and Trails	1,146,842	363,144	783,699
	Total Transmission Plant	122,361,421	40,471,693	81,889,728
	Distribution Plant			
360	Land and Land Rights	1,792,996	357,731	1,435,264
361	Structures and Improvements	3,190,924	615,058	2,575,866
362	Station Equipment	57,719,462	13,113,747	44,605,715
364	Poles, Towers and Fixtures	77,395,187	19,863,131	57,532,056
365	Overhead Conductors and Devices	86,212,204	20,212,160	66,000,044
366	Underground Conduit	11,425,006	2,404,624	9,020,381
367	Underground Conductors and Devices	64,236,730	18,879,287	45,357,442
368	Line Transformers	68,803,927	23,081,226	45,722,701
369	Services	23,293,916	8,000,846	15,293,070
370	Meters	20,850,035	5,646,539	15,203,496
371	Installations on Customer Premises	541,827	295,794	246,034
372	Leased Property on Customer Premises	-	-	-
373	Street Lighting and Signal Systems	10,836,509	4,663,914	6,172,594
	Total Distribution Plant	426,298,721	117,134,058	309,164,663
	General Plant			
389	Land and Land Rights	15,416	-	15,416
390	Structures and Improvements	2,125,878	883,936	1,241,942
391	Office Furniture and Equipment	10,180,344	8,094,182	2,086,162
392	Transportation Equipment	8,625,196	10,016,732	(1,391,536)
393	Stores Equipment	34,564	17,601	16,963
394	Tools, Shop and Garage Equipment	1,578,571	880,216	698,356
395	Laboratory Equipment	3,100,002	783,467	2,316,535
396	Power Operated Equipment	843,664	1,237,389	(393,725)
397	Communication Equipment	991,869	461,322	530,547
398	Miscellaneous Equipment	271,697	176,558	95,140
399	Other Tangible Property	-	19,640,656	(19,640,656)
	Total General Plant	27,767,201	42,192,058	(14,424,857)
	Subtotal Electric Plant in Service	577,678,271	200,685,401	376,992,870
102	Electric Plant Purchased	65,422	-	65,422
	Total Electric Plant in Service	577,743,693	200,685,401	377,058,292
	Held for Future Use	1,064,970	160,053	904,917
	Construction Work in Progress	14,140,743	-	14,140,743
	Retirement Work in Progress	-	(540,026)	540,026
	Net Utility Plant	592,949,406	200,305,428	392,643,978

ORANGE AND ROCKLAND UTILITIES, INC.
Net Book Value of Electric Plant in Service
December 31, 2004

Account No.		Electric Plant in Service	Accumulated Provision for Depreciation & Amortization	Net Book Value
	Intangible Plant			
301	Organization	20,657	-	20,657
302	Franchises and Consents	1,230,273	964,508	265,765
	Total Intangible Plant	1,250,930	964,508	286,422
	Transmission Plant			
350	Land and Land Rights	9,027,805	3,856,927	5,170,878
352	Structures and improvements	7,210,397	1,994,757	5,215,640
353	Station Equipment	57,654,230	17,239,240	40,414,990
354	Towers and Fixtures	4,388,630	2,289,976	2,098,654
355	Poles and Fixtures	22,242,370	12,801,953	9,440,417
356	Overhead Conductors and Devices	16,001,432	6,308,303	9,693,129
357	Underground Conduit	259,453	308,116	(48,663)
358	Underground Conductors and Devices	726,434	511,929	214,505
359	Roads and Trails	1,146,843	382,296	764,547
	Total Transmission Plant	118,657,594	45,693,498	72,964,096
	Distribution Plant			
360	Land and Land Rights	2,098,059	372,419	1,725,640
361	Structures and Improvements	4,590,493	621,997	3,968,496
362	Station Equipment	64,401,084	14,600,450	49,800,634
364	Poles, Towers and Fixtures	80,589,536	29,176,786	51,412,750
365	Overhead Conductors and Devices	89,282,091	24,901,436	64,380,655
366	Underground Conduit	12,149,416	2,584,527	9,564,889
367	Underground Conductors and Devices	66,556,839	21,262,158	45,294,681
368	Line Transformers	70,012,831	24,426,718	45,586,113
369	Services	24,277,979	10,715,816	13,562,163
370	Meters	19,686,548	2,681,046	17,005,502
371	Installations on Customer Premises	497,373	329,105	168,268
372	Leased Property on Customer Premises	-	-	-
373	Street Lighting and Signal Systems	11,042,520	4,999,777	6,042,743
	Total Distribution Plant	445,184,769	136,672,235	308,512,534
	General Plant			
389	Land and Land Rights	15,416	-	15,416
390	Structures and Improvements	2,142,923	1,034,934	1,107,989
391	Office Furniture and Equipment	10,220,256	9,071,109	1,149,147
392	Transportation Equipment	8,599,816	8,212,752	387,064
393	Stores Equipment	34,564	18,752	15,812
394	Tools, Shop and Garage Equipment	1,678,221	971,446	706,775
395	Laboratory Equipment	3,261,573	816,515	2,445,058
396	Power Operated Equipment	638,289	948,914	(310,625)
397	Communication Equipment	3,363,831	700,219	2,663,612
398	Miscellaneous Equipment	296,824	162,976	133,848
	Total General Plant	30,251,713	21,937,617	8,314,096
	Subtotal Electric Plant in Service	595,345,006	205,267,858	390,077,148
102	Electric Plant Purchased	65,422	-	65,422
	Total Electric Plant in Service	595,410,428	205,267,858	390,142,570
	Held for Future Use	759,907	164,947	594,960
	Construction Work in Progress	11,744,545	-	11,744,545
	Retirement Work in Progress	-	(538,416)	538,416
	Net Utility Plant	607,914,880	204,894,389	403,020,491

ORANGE AND ROCKLAND UTILITIES, INC.
Net Book Value of Electric Plant in Service
December 31, 2005

Account No.		Electric Plant in Service	Accumulated Provision for Depreciation & Amortization	Net Book Value
	Intangible Plant			
301	Organization	20,657	-	20,657
302	Franchises and Consents	1,230,273	1,041,422	188,851
	Total Intangible Plant	1,250,930	1,041,422	209,508
	Transmission Plant			
350	Land and Land Rights	9,070,238	3,944,806	5,125,432
352	Structures and improvements	7,244,396	1,910,484	5,333,912
353	Station Equipment	54,569,664	16,451,443	38,118,221
354	Towers and Fixtures	4,380,912	2,369,966	2,010,946
355	Poles and Fixtures	22,180,543	13,370,203	8,810,340
356	Overhead Conductors and Devices	15,542,971	6,316,046	9,226,925
357	Underground Conduit	259,453	313,305	(53,852)
358	Underground Conductors and Devices	726,434	530,090	196,344
359	Roads and Trails	872,446	351,309	521,137
	Total Transmission Plant	114,847,057	45,557,652	69,289,405
	Distribution Plant			
360	Land and Land Rights	2,505,357	432,803	2,072,554
361	Structures and Improvements	6,057,646	811,538	5,246,108
362	Station Equipment	76,709,634	15,764,012	60,945,622
364	Poles, Towers and Fixtures	85,669,452	30,911,214	54,758,238
365	Overhead Conductors and Devices	94,491,255	26,128,258	68,362,997
366	Underground Conduit	12,607,474	2,809,351	9,798,123
367	Underground Conductors and Devices	70,126,980	23,118,529	47,008,451
368	Line Transformers	72,339,407	25,305,776	47,033,631
369	Services	25,192,433	11,363,881	13,828,552
370	Meters	21,725,078	2,268,689	19,456,389
371	Installations on Customer Premises	539,836	340,134	199,702
372	Leased Property on Customer Premises	-	-	-
373	Street Lighting and Signal Systems	11,255,420	5,378,730	5,876,690
	Total Distribution Plant	479,219,972	144,632,915	334,587,057
	General Plant			
389	Land and Land Rights	15,416	-	15,416
390	Structures and Improvements	2,009,768	1,046,173	963,595
391	Office Furniture and Equipment	10,801,605	8,720,233	2,081,372
392	Transportation Equipment	10,420,431	9,106,286	1,314,145
393	Stores Equipment	28,435	13,774	14,661
394	Tools, Shop and Garage Equipment	1,787,170	1,044,303	742,867
395	Laboratory Equipment	3,324,852	741,484	2,583,368
396	Power Operated Equipment	638,167	1,009,419	(371,252)
397	Communication Equipment	3,212,485	448,611	2,763,874
398	Miscellaneous Equipment	400,315	80,338	319,977
	Total General Plant	32,638,644	22,210,620	10,428,024
	Subtotal Electric Plant in Service	627,956,603	213,442,609	414,513,994
102	Electric Plant Purchased	65,422	-	65,422
	Total Electric Plant in Service	628,022,025	213,442,609	414,579,416
	Held for Future Use	642,682	167,059	475,623
	Construction Work in Progress	20,846,880	-	20,846,880
	Retirement Work in Progress	-	(775,354)	775,354
	Net Utility Plant	649,511,587	212,834,314	436,677,273

ORANGE AND ROCKLAND UTILITIES, INC.
Net Book Value of Electric Plant in Service
December 31, 2006

Account No.		Electric Plant in Service	Accumulated Provision for Depreciation & Amortization	Net Book Value
	Intangible Plant			
301	Organization	20,657	-	20,657
302	Franchises and Consents	1,230,273	1,118,337	111,936
	Total Intangible Plant	1,250,929	1,118,337	132,593
	Transmission Plant			
350	Land and Land Rights	9,070,238	4,079,181	4,991,057
352	Structures and improvements	7,114,458	1,942,283	5,172,175
353	Station Equipment	54,902,987	16,636,148	38,266,839
354	Towers and Fixtures	4,360,455	2,418,823	1,941,632
355	Poles and Fixtures	30,540,148	13,543,643	16,996,505
356	Overhead Conductors and Devices	18,491,274	5,561,846	12,929,428
357	Underground Conduit	2,008,898	324,326	1,684,573
358	Underground Conductors and Devices	3,248,855	557,795	2,691,060
359	Roads and Trails	859,245	352,675	506,569
	Total Transmission Plant	130,596,557	45,416,720	85,179,837
	Distribution Plant			
360	Land and Land Rights	2,505,357	448,945	2,056,411
361	Structures and Improvements	6,825,023	916,348	5,908,674
362	Station Equipment	81,021,371	16,493,068	64,528,303
364	Poles, Towers and Fixtures	87,592,814	32,803,881	54,788,933
365	Overhead Conductors and Devices	98,963,740	27,473,608	71,490,132
366	Underground Conduit	13,797,049	3,329,163	10,467,887
367	Underground Conductors and Devices	72,891,910	24,758,886	48,133,024
368	Line Transformers	79,243,004	26,485,980	52,757,024
369	Services	26,254,384	12,154,926	14,099,458
370	Meters	24,265,203	1,388,078	22,877,126
371	Installations on Customer Premises	529,370	329,480	199,890
372	Leased Property on Customer Premises	-	-	-
373	Street Lighting and Signal Systems	11,681,244	5,933,981	5,747,263
	Total Distribution Plant	505,570,470	152,516,344	353,054,126
	General Plant			
389	Land and Land Rights	15,416	-	15,416
390	Structures and Improvements	1,984,915	1,057,489	927,426
391	Office Furniture and Equipment	10,844,410	9,795,253	1,049,157
392	Transportation Equipment	10,939,095	8,065,227	2,873,868
393	Stores Equipment	28,434	14,720	13,714
394	Tools, Shop and Garage Equipment	1,839,992	1,077,443	762,549
395	Laboratory Equipment	3,567,259	787,110	2,780,149
396	Power Operated Equipment	838,850	917,730	(78,880)
397	Communication Equipment	3,228,396	576,485	2,651,911
398	Miscellaneous Equipment	410,865	95,888	314,977
	Total General Plant	33,697,632	22,387,345	11,310,287
	Subtotal Electric Plant in Service	671,115,589	221,438,746	449,676,843
102	Electric Plant Purchased	65,422	-	65,422
	Total Electric Plant in Service	671,181,011	221,438,746	449,742,265
	Held for Future Use	3,791,002	71,377	3,719,625
	Construction Work in Progress	27,238,625	-	27,238,625
	Retirement Work in Progress	-	(339,220)	339,220
	Net Utility Plant	702,210,637	221,170,902	481,039,735

ORANGE AND ROCKLAND UTILITIES, INC.
Net Book Value of Common Plant in Service
December 31, 2003

	Common Plant in Service	Accumulated Prov. for Deprec. & Amortization	Net Book Value
INTANGIBLE PLANT			
Organization	$ 20,916	$ -	$ 20,916
Miscellaneous Intangible Plant - Software	48,811,528	22,798,097	26,013,431
Total Intangible Plant	48,832,444	22,798,097	26,034,347
GENERAL PLANT			
Land and Land Rights	785,996	19,036	766,960
Structures and Improvements	39,781,330	11,306,622	28,474,708
Office Furniture & Equipment	15,923,328	13,043,224	2,880,104
Transportation Equipment	1,987,139	1,609,479	377,660
Stores Equipment	299,587	123,692	175,895
Tools, Shop & Garage Equipment	2,045,926	464,992	1,580,934
Laboratory Equipment	912,072	30,019	882,053
Power Operated Equipment	173,241	95,068	78,173
Communication Equipment	6,142,527	3,411,292	2,731,235
Miscellaneous Equipment	1,583,318	447,776	1,135,542
Total General Plant	69,634,464	30,551,200	39,083,264
Cost of Removal	-	461,225	(461,225)
Retirement Work in Progress	-	72,695	(72,695)
Total	$118,466,908	$53,883,217	$64,583,691

ORANGE AND ROCKLAND UTILITIES, INC.
Net Book Value of Common Plant in Service
December 31, 2004

	Common Plant in Service	Accumulated Prov. for Deprec. & Amortization	Net Book Value
INTANGIBLE PLANT			
Organization	$ 20,916	$ -	$ 20,916
Miscellaneous Intangible Plant - Software	49,119,583	27,281,457	21,838,126
Total Intangible Plant	49,140,499	27,281,457	21,859,042
GENERAL PLANT			
Land and Land Rights	785,996	19,701	766,295
Structures and Improvements	41,541,581	11,761,889	29,779,692
Office Furniture & Equipment	15,166,805	12,991,697	2,175,108
Transportation Equipment	2,262,675	1,163,372	1,099,303
Stores Equipment	324,747	123,258	201,489
Tools, Shop & Garage Equipment	2,088,435	518,135	1,570,300
Laboratory Equipment	911,658	60,402	851,256
Power Operated Equipment	696,945	453,359	243,586
Communication Equipment	6,700,931	4,031,751	2,669,180
Miscellaneous Equipment	1,627,708	468,505	1,159,203
Total General Plant	72,107,481	31,592,069	40,515,412
Retirement Work in Progress	-	(15,606)	15,606
Total	$121,247,980	$58,857,920	$62,390,060

ORANGE AND ROCKLAND UTILITIES, INC.
Net Book Value of Common Plant in Service
December 31, 2005

	Common Plant in Service	Accumulated Prov. for Deprec. & Amortization	Net Book Value
INTANGIBLE PLANT			
Organization	$ 20,916	$ -	$ 20,916
Miscellaneous Intangible Plant - Software	49,430,087	31,681,897	17,748,190
Total Intangible Plant	49,451,003	31,681,897	17,769,106
GENERAL PLANT			
Land and Land Rights	785,996	20,366	765,630
Structures and Improvements	42,326,003	11,562,351	30,763,651
Office Furniture & Equipment	14,421,610	11,975,064	2,446,546
Transportation Equipment	2,975,438	1,417,448	1,557,990
Stores Equipment	434,599	99,073	335,527
Tools, Shop & Garage Equipment	2,142,443	588,555	1,553,888
Laboratory Equipment	914,304	90,347	823,957
Power Operated Equipment	626,653	377,476	249,177
Communication Equipment	7,489,040	4,598,816	2,890,224
Miscellaneous Equipment	2,056,911	534,047	1,522,864
Total General Plant	74,172,996	31,263,543	42,909,453
Retirement Work in Progress	-	(2,000)	2,000
Total	$123,623,999	$62,943,439	$60,680,559

ORANGE AND ROCKLAND UTILITIES, INC.
Net Book Value of Common Plant in Service
December 31, 2006

	Common Plant in Service	Accumulated Prov. for Deprec. & Amortization	Net Book Value
INTANGIBLE PLANT			
Organization	$ 20,916	$ -	$ 20,916
Miscellaneous Intangible Plant - Software	49,428,876	34,333,052	15,095,824
Total Intangible Plant	49,449,793	34,333,052	15,116,741
GENERAL PLANT			
Land and Land Rights	785,996	21,031	764,965
Structures and Improvements	43,635,057	11,939,691	31,695,367
Office Furniture & Equipment	14,020,439	12,306,917	1,713,522
Transportation Equipment	2,572,305	1,160,536	1,411,769
Stores Equipment	443,015	59,453	383,562
Tools, Shop & Garage Equipment	2,316,043	593,375	1,722,668
Laboratory Equipment	923,130	120,892	802,239
Power Operated Equipment	420,066	333,539	86,528
Communication Equipment	8,233,260	5,363,113	2,870,147
Miscellaneous Equipment	2,124,631	622,113	1,502,518
Total General Plant	75,473,942	32,520,660	42,953,283
Retirement Work in Progress	-	(15,000)	15,000
Total	$124,923,735	$66,838,712	$58,085,023

Exhibit E-1
Schedule 5

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Plant in Service and Average Cost
Per Customer

Date	Electric Plant In Service At End Of Period	Number of Electric Customers At End Of Period	Average Electric Plant Per Customer
December 31, 2003	$ 592,949,406	214,039	$ 2,770
December 31, 2004	607,914,880	215,872	2,816
December 31, 2005	649,511,587	218,097	2,978

ORANGE AND ROCKLAND UTILITIES, INC.

Statement of Income for Year Ending December 31, 2003

	Company Total	Electric Department	Gas Department
Utility Operating Income			
Operating Revenue	$607,377,444	$409,970,601	$197,406,843
Operating Expenses:			
Operation and Maintenance	454,887,847	303,178,977	151,708,870
Depreciation Expense	24,194,122	17,090,281	7,103,841
Amortization of Other Limited Term Plant	5,470,796	4,256,341	1,214,455
Amortization of Property Losses	-	-	-
Taxes Other than Income Taxes	41,841,246	29,025,293	12,815,953
Income Taxes	1,707,357	5,258,099	(3,550,742)
Provision for Deferred Income Taxes	32,138,324	19,027,219	13,111,105
Provision for Deferred Income Taxes - Cr.	(7,800,722)	(6,512,276)	(1,288,446)
Gain / Loss on Disposition of Utility Plants	201,753	201,753	-
Investment Tax Credit Adjustments	-	-	-
Total Operating Expenses	552,640,723	371,525,687	181,115,036
Total Utility Operating Income	54,736,721	$38,444,914	$16,291,807
Other Income			
Equity in Earnings of Subsidiary Companies	11,014,140		
Investment Income	2,022,670		
Allowance for Funds Used During Construction	4,591		
Miscellaneous Non-Operating Income	(2,866,289)		
Total Other Income	10,175,112		
Other Income Deductions			
Miscellaneous Income Deductions	1,300,154		
Total Other Income Deductions	1,300,154		
Taxes - Other Income Deductions			
Taxes Other Than Income Taxes	151,576		
Income Taxes	(356,393)		
Deferred Income Taxes	(239,841)		
Investment Tax Credit Adjustment	(337,860)		
Total Taxes - Other Income Deductions	(782,518)		
Net Other Income and Deductions	9,657,476		
Interest Charges			
Interest on Long Term Debt	16,762,955		
Amortization of Debt Discount & Expense	638,432		
Amortization of Premium on Debt	-		
Interest on Debt to Associated Companies	213,690		
Other Interest Expense	1,314,149		
Total Interest Charges	18,929,226		
Net Income	$45,464,971		

ORANGE AND ROCKLAND UTILITIES, INC.
Statement of Income for Year Ending December 31, 2004

	Company Total	Electric Department	Gas Department
Utility Operating Income			
Operating Revenue	$572,766,468	$368,129,383	$204,637,085
Operating Expenses:			
Operation and Maintenance	441,336,510	276,482,315	164,854,195
Depreciation Expense	25,526,002	18,029,539	7,496,463
Amortization of Other Limited Term Plant	4,640,357	3,564,823	1,075,534
Amortization of Property Losses	-	-	-
Taxes Other than Income Taxes	39,737,319	28,173,010	11,564,309
Income Taxes	(1,250,074)	1,225,551	(2,475,625)
Provision for Deferred Income Taxes	31,261,379	18,863,449	12,397,930
Provision for Deferred Income Taxes - Cr.	(20,439,512)	(14,338,654)	(6,100,858)
Gain / Loss on Disposition of Utility Plants	-	-	-
Investment Tax Credit Adjustments	-	-	-
Total Operating Expenses	520,811,981	332,000,033	188,811,948
Total Utility Operating Income	51,954,487	$36,129,350	$15,825,137
Other Income			
Equity in Earnings of Subsidiary Companies	10,640,341		
Investment Income	288,343		
Allowance for Funds Used During Construction	135,233		
Miscellaneous Non-Operating Income	815,035		
Total Other Income	11,878,952		
Other Income Deductions			
Miscellaneous Income Deductions	427,549		
Total Other Income Deductions	427,549		
Taxes - Other Income Deductions			
Taxes Other Than Income Taxes	108,901		
Income Taxes	236,447		
Deferred Income Taxes	295,716		
Investment Tax Credit Adjustment	(334,271)		
Total Taxes - Other Income Deductions	306,793		
Net Other Income and Deductions	11,144,610		
Interest Charges			
Interest on Long Term Debt	16,455,767		
Amortization of Debt Discount & Expense	613,838		
Amortization of Premium on Debt	-		
Interest on Debt to Associated Companies	415,419		
Other Interest Expense	(31,019)		
Total Interest Charges	17,454,005		
Net Income	$45,645,092		

ORANGE AND ROCKLAND UTILITIES, INC.

Statement of Income for Year Ending December 31, 2005

Exhibit E-1
Schedule 6
Page 3 of 4

	Company Total	Electric Department	Gas Department
Utility Operating Income			
Operating Revenue	$680,412,538	$452,025,804	$228,386,734
Operating Expenses:			
Operation and Maintenance	529,308,813	343,795,472	185,513,341
Depreciation Expense	26,693,437	18,654,420	8,039,017
Amortization of Other Limited Term Plant	4,844,401	3,466,375	1,378,026
Amortization of Property Losses	-	-	-
Taxes Other than Income Taxes	38,293,489	27,134,878	11,158,611
Income Taxes	20,472,312	18,173,254	2,299,058
Provision for Deferred Income Taxes	15,597,671	10,115,763	5,481,908
Provision for Deferred Income Taxes - Cr.	(12,545,315)	(10,980,747)	(1,564,568)
Gain / Loss on Disposition of Utility Plants	-	-	-
Investment Tax Credit Adjustments	-	-	-
Total Operating Expenses	622,664,808	410,359,415	212,305,393
Total Utility Operating Income	57,747,730	$41,666,389	$16,081,341
Other Income			
Equity in Earnings of Subsidiary Companies	11,017,695		
Investment Income	806,851		
Allowance for Funds Used During Construction	45,551		
Miscellaneous Non-Operating Income	807,170		
Total Other Income	12,677,267		
Other Income Deductions			
Miscellaneous Income Deductions	392,365		
Total Other Income Deductions	392,365		
Taxes - Other Income Deductions			
Taxes Other Than Income Taxes	76,305		
Income Taxes	(76,305)		
Deferred Income Taxes	521,431		
Investment Tax Credit Adjustment	(365,785)		
Total Taxes - Other Income Deductions	155,646		
Net Other Income and Deductions	12,129,256		
Interest Charges			
Interest on Long Term Debt	18,483,822		
Amortization of Debt Discount & Expense	648,417		
Amortization of Premium on Debt	-		
Interest on Debt to Associated Companies	701,269		
Other Interest Expense	646,134		
Total Interest Charges	20,479,642		
Net Income	$49,397,344		

ORANGE AND ROCKLAND UTILITIES, INC.

Statement of Income for Year Ending December 31, 2006

	Company Total	Electric Department	Gas Department
Utility Operating Income			
Operating Revenue	$663,510,045	$427,711,673	$235,798,372
Operating Expenses:			
Operation and Maintenance	520,059,877	326,610,525	193,449,352
Depreciation Expense	28,594,893	19,990,711	8,604,182
Amortization of Other Limited Term Plant	3,568,816	2,194,690	1,374,126
Amortization of Property Losses	-	-	-
Taxes Other than Income Taxes	38,564,150	26,638,714	11,925,436
Income Taxes	7,129,791	3,128,205	4,001,586
Provision for Deferred Income Taxes	12,188,951	11,196,410	992,541
Provision for Deferred Income Taxes - Cr.	(1,804,039)	(1,498,194)	(305,845)
Gain / Loss on Disposition of Utility Plants	-	-	-
Investment Tax Credit Adjustments	-	-	-
Total Operating Expenses	608,302,439	388,261,061	220,041,378
Total Utility Operating Income	55,207,606	$39,450,612	$15,756,994
Other Income			
Equity in Earnings of Subsidiary Companies	13,228,330		
Investment Income	1,832,935		
Allowance for Funds Used During Construction	-		
Miscellaneous Non-Operating Income	1,130,591		
Total Other Income	16,191,856		
Other Income Deductions			
Miscellaneous Income Deductions	323,175		
Total Other Income Deductions	323,175		
Taxes - Other Income Deductions			
Taxes Other Than Income Taxes	63,658		
Income Taxes	(63,658)		
Deferred Income Taxes	975,548		
Investment Tax Credit Adjustment	(303,545)		
Total Taxes - Other Income Deductions	672,003		
Net Other Income and Deductions	15,196,678		
Interest Charges			
Interest on Long Term Debt	20,398,888		
Amortization of Debt Discount & Expense	677,446		
Amortization of Premium on Debt	-		
Interest on Debt to Associated Companies	1,191,262		
Other Interest Expense	2,511,103		
Total Interest Charges	24,778,699		
Net Income	$45,625,585		

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operation and Maintenance Expenses
For the Twelve Months Ended

	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006
Production Expenses				
Steam Production Expense	-	-	-	-
Hydro Production Expense	-	-	-	-
Gas Turbine Production Expense	-	-	-	-
Total Production	0	0	0	0
Other Power Supply Expense				
Interchange In	16,043,103	16,179,279	17,420,861	5,164,990
Purch. Power - MDA	165,497,443	144,131,094	209,514,191	210,189,262
Purch. Power - Co Generation	14,669,749	11,217,928	10,104,617	22,598,128
Purch. Power - Central Hudson	-	-	-	-
Purch. Power - NY ISO	-	-	(2,712,175)	(1,742,018)
Purch. Power - Penn P & L	-	3,188,498	-	584
Total Purch. Power	196,210,295	174,716,799	234,327,493	236,210,948
Deferred Purchased Power	1,157,682	6,068,467	16,466,590	(7,715,089)
Load Dispatching	1,611,104	1,851,209	1,784,928	1,192,245
Other Production Expenses	158,000	2,248	4,200	6,599
Total Purch. Power	2,926,786	7,921,924	18,255,717	(6,516,245)
Total Production Expenses	199,137,081	182,638,722	252,583,211	229,694,703

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operation and Maintenance Expenses
For the Twelve Months Ended

	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006
Transmission Expenses				
Operation Supervision and Engineering	1,966,771	1,463,090	1,993,352	1,830,318
Load Dispatching	554,124	838,890	726,445	993,256
Station Expenses	1,599,272	1,626,816	1,842,741	1,812,673
Overhead Lines Expense	160,648	161,198	248,463	237,740
Transmission of Electric by Others	343,248	(617,994)	0	0
Misc. Expense	5,325	13,711	2,258	2,006
Rents	874,046	1,049,134	935,374	995,230
Total Operation	5,503,434	4,534,844	5,748,633	5,871,223
Maintenance				
Maintenance Supervision and Engineering	49,999	0	0	0
Maintenance of Structures	0	0	0	137,425
Maintenance of Station Equipment	198,102	214,690	252,825	268,459
Maintenance of Overhead Lines	1,884,553	2,116,588	1,813,575	653,295
Maintenance of Underground Lines	(22,755)	11,721	98	394
Total Maintenance	2,109,898	2,342,999	2,066,498	1,059,573
Total Transmission Expenses	7,613,332	6,877,844	7,815,131	6,930,796
Distribution Expenses				
Operation				
Operation Supervision and Engineering	3,028,334	2,251,581	2,291,278	2,878,160
Distribution Load Dispatching	86,334	166,347	115,817	117,236
Station Expenses	1,796,555	1,854,347	2,037,198	1,867,501
Overhead Lines Expense	958,147	1,118,561	1,329,523	(1,094,651)
Underground Line Expense	264,580	621,956	612,709	648,216
Meter Expense	1,694,420	1,359,330	1,245,389	1,441,250
Customer Installation Expenses	199,120	265,932	151,691	218,944
Misc. Distribution Expense	4,398,759	3,362,407	2,842,926	3,649,048
Rents	21,367	20,494	21,536	29,684
Total Operation	12,447,616	11,020,957	10,648,067	9,755,389
Maintenance				
Maintenance Supervision and Engineering	0	0	0	222
Maintenance of Station Equipment	631,089	765,807	721,084	677,227
Maintenance Overhead Lines	14,870,374	9,537,841	13,045,852	13,194,912
Maintenance Underground Lines	2,314,091	2,554,401	2,444,870	2,789,127
Maintenance Line Transformers	(89,659)	65,284	36,077	49,611
Maintenance Street Light & Signal	818,424	937,312	958,658	1,040,374
Maintenance Meters	328,511	305,169	416,604	292,771
Total Maintenance	18,872,830	14,165,814	17,623,146	18,044,244
Total Distribution Expenses	31,320,446	25,186,770	28,271,212	27,799,633
Customer Accounts Expense				
Operation				
Supervision	57,361	59,177	5,295	1,196
Meter Reading Expenses	2,434,852	2,575,782	2,673,096	2,689,970
Customer Records and Collection Expenses	8,339,031	8,727,086	8,339,549	8,429,450
Uncollectible Accounts	2,585,370	2,139,946	1,832,932	1,322,673
Miscellaneous Customer Accounts Expenses	48,823	88,180	70,511	58,200
Total Customer Accounts Expenses	13,465,435	13,590,171	12,921,382	12,501,489
Customer Service Expenses				
Operation				
Supervision	300,587	337,795	316,211	350,256
Customer Assistance Expenses	1,696,630	1,920,542	2,056,183	2,086,776
Informational Advertising Expenses	6,071,599	4,978,875	5,112,940	5,913,053
Miscellaneous Customer Service Expenses	24,275	26,590	12,066	9,070
Rents	6,251	227	3,646	(3,398)
Total Customer Service Expenses	8,099,342	7,264,028	7,501,045	8,355,758

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operation and Maintenance Expenses
For the Twelve Months Ended

	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006
Sales Promotion Expenses				
Operation				
Demonstration and Selling Expenses	8,551	12,740	1,934	0
Promotional Advertising Expenses	15,000	12,293	28,199	2,367
Total Sales Promotion Expenses	23,552	25,032	30,133	2,367
Administrative and General Expenses				
Operation				
Administrative and General Salaries	5,185,319	5,681,926	4,756,902	5,474,381
Office Supplies and Expense	2,264,378	2,653,278	2,681,788	2,591,589
Administrative Expenses Transferred - Cr.	7,128,523	7,812,403	7,983,994	7,732,558
Outside Services Employed	205,238	455,083	269,701	501,647
Property Insurance	97,213	147,361	164,964	36,224
Injuries and Damages	685,703	1,832,551	1,494,307	1,782,386
Employee Pensions and Benefits	25,090,769	19,507,489	14,793,322	20,444,093
Regulatory Commission Expenses	1,127,324	942,999	1,168,178	1,112,382
Duplicate Charges - Cr.	(1,009,889)	(1,043,922)	(996,722)	(823,795)
Miscellaneous General Expenses	2,148,561	2,172,991	1,663,047	1,961,469
General Rents	25,650	34,846	37,185	27,619
Expenses of Data Processing Equipment	278,588	402,196	378,645	268,010
Total Operation	43,227,377	40,599,199	34,395,311	41,108,562
Maintenance				
Maintenance of General Plant	292,410	300,548	278,045	217,218
Total Administrative and General Expenses	43,519,788	40,899,748	34,673,357	41,325,780
Total Operation and Maintenance	$303,178,976	$276,482,316	$343,795,472	$326,610,525

Exhibit E-1
Schedule 8

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operation and Maintenance Expenses, Taxes and Depreciation
Per Kwh of Electric Sold
For the Twelve Months Ended

	Dec. 31, 2003		Dec. 31, 2004		Dec. 31, 2005		Dec. 31, 2006	
	Amount	Per Kwh Sold	Amount	Per Kwh Sold	Amount	Per Kwh Sold	Amount	Per Kwh Sold
Kwh Sold (000 Omitted)		4,270,538		4,374,983		4,635,830		4,421,076
Production Expenses	$0	$0.0000	$0	$0.0000	$0	$0.0000	$0	$0.0000
Other Power Supply	196,210,295	0.0459	174,716,799	0.0399	234,327,493	0.0505	236,210,948	0.0534
Total Other Power Supply	196,210,295	0.0459	174,716,799	0.0399	234,327,493	0.0505	236,210,948	0.0534
Deferred Purchased Power & Oth	2,926,786	0.0007	7,921,924	0.0018	18,255,717	0.0039	(6,516,245)	(0.0015)
Transmission	7,613,332	0.0018	6,877,844	0.0016	7,815,131	0.0017	6,930,796	0.0016
Distribution	31,320,446	0.0073	25,186,770	0.0058	28,271,212	0.0061	27,799,633	0.0063
Customer Accounts	13,465,435	0.0032	13,590,171	0.0031	12,921,382	0.0028	12,501,489	0.0028
Customer Service	8,099,342	0.0019	7,264,028	0.0017	7,501,045	0.0016	8,355,758	0.0019
Sales Promotion	23,552	0.0000	25,032	0.0000	30,133	0.0000	2,367	0.0000
Administrative & General	43,519,788	0.0102	40,899,748	0.0093	34,673,357	0.0075	41,325,780	0.0093
Total Gas Operation and Maintenance	303,178,976	0.0710	276,482,316	0.0632	343,795,472	0.0742	326,610,525	0.0739
Depreciation and Amortization	21,346,622	0.0050	21,594,362	0.0049	22,120,795	0.0048	22,185,401	0.0050
Taxes Other Than Income Taxes	29,025,293	0.0068	28,173,010	0.0064	27,134,878	0.0059	26,638,714	0.0060
Total Operating Expenses Excl. Federal Income Taxes	$353,550,891	$0.0828	$326,249,688	$0.0746	$393,051,145	$0.0848	$375,434,640	$0.0849

Exhibit E-1
Schedule 9

ORANGE AND ROCKLAND UTILITIES, INC.
Operating Taxes - Electric
For the Twelve Months Ended

	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2006
Federal:				
FICA	$2,439,939	$2,392,291	$2,501,289	$2,255,472
Unemployment	34,225	36,216	36,511	33,943
Total Federal	2,474,164	2,428,507	2,537,800	2,289,415
State:				
Gross Earnings	-	-	-	-
Gross Income	6,531,509	4,220,436	2,000,374	1,951,603
Excess Dividends	-	-	-	-
Unemployment	88,352	77,038	78,784	92,497
Other	(692,393)	(4,899)	(4,255)	(6,202)
Total State	5,927,468	4,292,575	2,074,903	2,037,898
Local:				
Property	19,857,336	20,343,752	21,248,667	21,086,657
1% on Tax Gross Income	766,326	1,108,176	1,273,507	1,224,743
Total Local	20,623,662	21,451,928	22,522,174	22,311,400
Total Operating Taxes	$29,025,294	$28,173,010	$27,134,877	$26,638,713

Exhibit E-1
Schedule 10

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Revenues
Per Kilowatt Hour of Electric Sold
For the Twelve Months Ended

	Dec. 31, 2003			Dec. 31, 2004		
	Kwh Sold (000)	Revenues	Revenue Per Kwh	Kwh Sold (000)	Revenues	Revenue Per Kwh
Sales of Electric						
Residential Sales	1,473,587	$174,102,695	$0.1181	1,500,375	$170,327,446	$0.1135
Commercial and Industrial Sales	2,394,907	176,810,332	0.0738	2,475,412	163,734,156	0.0661
Public Lighting Sales	23,067	3,832,177	0.1661	23,321	3,421,942	0.1467
Sales to Public Authorities	89,748	8,402,220	0.0936	91,548	8,739,300	0.0955
Sales for Resale	289,229	21,668,750	0.0749	284,327	21,629,565	0.0761
Total Sales of Electric	4,270,538	384,816,174	$0.0901	4,374,983	367,852,409	$0.0841
Other Operating Revenues						
Miscellaneous Service Revenues		(5,254)			21,075	
Revenue Subject to Rate Refund		17,420,812			(7,888,931)	
Joint Operating Rents		3,346,101			3,291,465	
Rent from Electric Property		1,717,974			2,510,356	
Other Electric Revenues		2,674,794			2,343,009	
Total Other Operating Revenues		25,154,427			276,974	
Total Electric Operating Revenues		$409,970,601			$368,129,383	

	Dec. 31, 2005			Dec. 31, 2006		
	Kwh Sold (000)	Revenues	Revenue Per Kwh	Kwh Sold (000)	Revenues	Revenue Per Kwh
Sales of Electric						
Residential Sales	1,672,163	$201,742,153	$0.1206	1,572,484	$194,300,763	$0.1236
Commercial and Industrial Sales	2,521,335	199,803,003	0.0792	2,344,521	183,169,525	0.0781
Public Lighting Sales	23,345	3,474,051	0.1488	23,408	3,455,137	0.1476
Sales to Public Authorities	99,626	12,032,185	0.1208	98,954	11,127,777	0.1125
Sales for Resale	319,361	32,412,974	0.1015	381,708	28,074,082	0.0735
Total Sales of Electric	4,635,830	449,464,366	$0.0970	4,421,076	420,127,284	$0.0950
Other Operating Revenues						
Miscellaneous Service Revenues		(4,890)			(257,767)	
Revenue Subject to Rate Refund		(4,704,607)			161,922	
Joint Operating Rents		2,983,248			2,782,212	
Rent from Electric Property		1,543,229			2,255,679	
Other Electric Revenues		2,744,458			2,642,343	
Total Other Operating Revenues		2,561,438			7,584,389	
Total Electric Operating Revenues		$452,025,804			$427,711,672	

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Exhibit E-2

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF SCHEDULES

Electric Rate Base
For the Twelve Months Ending
June 30, 2006 and December 31, 2007

EXHIBIT E-2
SUMMARY

ORANGE AND ROCKLAND UTILITIES, INC.

AVERAGE ELECTRIC RATE BASE
TWELVE MONTHS ENDED JUNE 30, 2006
AND DECEMBER 31, 2007
($000s)

DESCRIPTION	AVERAGE ACTUAL TWELVE MONTHS ENDED JUNE 30, 2006	ADJUSTMENTS TO REFLECT CONDITIONS IN 2007	AVERAGE TWELVE MONTHS ENDED DECEMBER 31, 2007	ADJUSTMENTS TO RATE BASE TWELVE MONTHS ENDED DECEMBER 31, 2007	RATE BASE FULLY ADJUSTED
UTILITY PLANT:					
ELECTRIC PLANT IN SERVICE	$ 625,656	$ 69,103	$ 694,759	$ -	$ 694,759
ELECTRIC PLANT HELD FOR FUTURE USE	1,047	2,739	3,786	-	3,786
COMMON UTILITY PLANT (ELECTRIC ALLOC.)	89,559	5,207	94,766	-	94,766
CWIP NOT TAKING INTEREST	7,850	196	8,046	-	8,046
TOTAL UTILITY PLANT	724,112	77,245	801,357	-	801,357
UTILITY PLANT RESERVES:					
ACC. PROV. FOR DEPRECIATION OF					
ELECTRIC PLANT IN SERVICE (INCLUDES FUTURE USE PLANT)	(212,683)	(18,445)	(231,128)	-	(231,128)
ACC. PROV. FOR DEPRECIATION &					
AMORTIZATION OF COMMON PLANT	(45,816)	(3,911)	(49,727)	-	(49,727)
TOTAL UTILITY PLANT RESERVES	(258,499)	(22,356)	(280,855)	-	(280,855)
NET PLANT	465,613	54,889	520,502	-	520,502
WORKING CAPITAL REQUIREMENTS:					
O&M EXPENDITURES	11,536	6,529	18,065	-	18,065
MATERIALS & SUPPLIES	3,848	135	3,983	-	3,983
PREPAYMENTS	4,698	1,085	5,783	-	5,783
REGULATORY ASSETS / (LIABILITIES):					
DEFERRED R & D EXPENDITURES (NET OF FIT)	1,041	503	1,544	-	1,544
DEFERRED PURCHASED POWER (NET OF FIT)	(8,774)	14,421	5,647	-	5,647
DEFERRED M.T.A. SURTAX - (NET OF FIT)	(236)	-	(236)	-	(236)
DEFERRED LOW INCOME PROGRAM (NET OF FIT)	(365)	3	(362)	-	(362)
DEFERRED STORM RESERVE EXPENDITURES (NET OF FIT)	721	(1,859)	(1,138)	-	(1,138)
DEFERRED STRAY VOLTAGE EXPENDITURES (NET OF FIT)	630	(630)	0	-	-
DEFERRED ENVIRONMENTAL EXPENDITURES (NET OF TAX) WEST NYACK	275	50	325	-	325
DEFERRED DSM RECOVERIES (NET OF FIT)	(1,115)	1,115	0	-	-
DEFERRED OIL SUPPLIER REFUNDS (70% - NET OF FIT)	(150)	150	0	-	-
DEFERRED PERFORMANCE PENALITIES (NET OF FIT)	(184)	184	0	-	-
DEFERRED GAIN ON SALE OF WURTSBURY PROPERTY (NET OF FIT)	(61)	61	0	-	-
ACCRUED PENSION LIABILITY - RATE BASE IMPUTATION	(6,403)	-	(6,403)	-	(6,403)
CUSTOMER ADVANCES FOR CONSTRUCTION (NET OF FIT) - A/C	(157)	(3)	(161)	-	(161)
ACCUM. DEFERRED INCOME TAXES					
ACCUM. DEFERRED FIT - ACRS / ADR	(61,286)	(7,967)	(69,253)	-	(69,253)
ACCUM. DEFERRED FIT - 263(A) CAPITALIZED OVERHEADS	(13,981)	246	(13,735)	-	(13,735)
ACCUM. DEFERRED SIT	(1,256)	(2,933)	(4,190)	-	(4,190)
SIT BENEFIT - PRE 2000	379	-	379	-	379
ACCUM. DEFERRED MTA	190	16	206	-	206
ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	(2,172)	363	(1,810)	-	(1,810)
AVERAGE ELECTRIC RATE BASE	$ 392,788	$ 66,357	$ 459,145	$ -	$ 459,145

ORANGE AND ROCKLAND UTILITIES, INC

AVERAGE ELECTRIC RATE BASE
TWELVE MONTHS ENDED JUNE 30, 2006
($000s)

		UTILITY PLANT				UTILITY PLANT RESERVES			C.W.I.P. NOT TAKING INTEREST		
MONTH ENDED		ELECTRIC PLANT IN SERVICE	COMMON UTILITY PLANT	CIMS / OTHER COMMON UTILITY PLANT	ELECTRIC PLANT HELD FOR FUTURE USE	ELECTRIC PLANT IN SERVICE	COMMON UTILITY PLANT	CIMS / OTHER COMMON UTILITY PLANT	ELECTRIC	COMMON	TOTAL ELECTRIC
JUNE 30, 2005	@1/2	$304,515	$25,496	$18,787	$380	($104,792)	($10,658)	($11,218)	$2,085	$1,766	$3,851
JULY 31, 2005		609,889	51,459	37,573	757	(210,349)	(21,245)	(22,715)	5,785	2,820	8,605
AUGUST 31, 2005		611,799	51,364	37,573	757	(211,075)	(21,367)	(22,995)	6,485	3,181	9,667
SEPTEMBER 30, 2005		612,756	51,499	37,573	757	(212,077)	(21,584)	(23,274)	7,907	3,343	11,251
OCTOBER 31, 2005		616,557	51,688	37,573	757	(212,367)	(21,733)	(23,555)	6,375	3,297	9,672
NOVEMBER 30, 2005		617,566	51,960	37,848	643	(213,463)	(21,891)	(23,819)	7,364	3,415	10,778
DECEMBER 31, 2005		628,022	52,206	37,864	643	(212,834)	(22,088)	(24,103)	2,359	3,178	5,537
JANUARY 31, 2006		628,210	51,872	37,859	643	(211,707)	(21,938)	(24,385)	4,457	2,371	6,829
FEBRUARY 28, 2006		630,273	51,943	37,858	519	(213,156)	(22,147)	(24,527)	2,412	2,573	4,984
MARCH 31, 2006		631,420	51,692	37,865	519	(213,684)	(21,976)	(24,696)	6,062	3,058	9,120
APRIL 30, 2006		644,750	52,061	37,865	519	(214,044)	(22,128)	(24,864)	(5,576)	2,858	(2,718)
MAY 31, 2006		647,112	52,376	37,865	3,779	(214,693)	(22,204)	(25,033)	7,230	2,844	10,074
JUNE 30, 2006	@1/2	325,008	26,057	18,933	1,893	(107,960)	(11,046)	(12,601)	5,563	985	6,548
TOTAL TWELVE MONTHS		$7,507,876	$621,673	$453,035	$12,566	($2,552,201)	($262,005)	($287,785)	$58,508	$35,689	$94,197
MONTHLY AVERAGE		$625,656	$51,806	$37,753	$1,047	($212,683)	($21,834)	($23,982)	$4,876	$2,974	$7,850

EXHIBIT E-2
SCHEDULE 1
PAGE 1 OF 2

ORANGE AND ROCKLAND UTILITIES, INC.

AVERAGE ELECTRIC RATE BASE
TWELVE MONTHS ENDED JUNE 30, 2006
($000s)

MONTH ENDED		M.T.A. SURTAX	LOW INCOME PROGRAM	R&D EXPEND	DEFERRED FUEL	DSM	STRAY VOLTAGE	WEST NYACK	ACCUMULATED DEFERRED SIT	ACCUMULATED DEFERRED SIT - MTA	ACCUMULATED DEFERRED SIT NON - DEDUCTIBLE
JUNE 30, 2005	@1/2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JULY 31, 2005		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AUGUST 31, 2005		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SEPTEMBER 30, 2005		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OCTOBER 31, 2005		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NOVEMBER 30, 2005		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DECEMBER 31, 2005		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JANUARY 31, 2006		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FEBRUARY 28, 2006		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MARCH 31, 2006		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
APRIL 30, 2006		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MAY 31, 2006		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JUNE 30, 2006	@1/2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TOTAL TWELVE MONTHS		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MONTHLY AVERAGE		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTH ENDED	ACRS / ADR	CAPITALIZED OVERHEADS 263A DEDUCTION	DEFERRED F.I.T. - COMPUTER SOFTWARE	DEFERRED F.I.T. - LEASED VEHICLES	DEFERRED PENSION LIABILITY-ALLOWED	CUST. ADV FOR CONSTRUCTION	ACCUM. PROVISION FOR CONTINGENCIES STORM DAMAGE RESERVE	ACCUM. DEFERRED I.T.C.	ACCUM. DEFERRED MTA - NYS INCOME TAX	STATE INCOME TAX BENEFIT PRE 2000	DEFERRED ON SUPPLIER REFUNDS (70%)	DEFERRED PERFORMANCE PENALTIES	GAIN ON SALE OF WURTSBURY PROPERTY
JUNE 30, 2005	($26,981)	($7,710)	($2,754)	($364)	($3,202)	($202)	$819	($1,147)	$86	$190	($12)	($106)	($47)
JULY 31, 2005	($53,961)	(15,615)	(5,517)	(719)	(6,403)	(134)	1,637	(2,273)	174	379	(23)	(212)	(94)
AUGUST 31, 2005	(53,940)	(13,814)	(5,466)	(712)	(6,403)	(242)	1,637	(2,253)	171	379	(23)	(212)	(94)
SEPTEMBER 30, 2005	(54,337)	(13,903)	(5,832)	(705)	(6,403)	(190)	1,637	(2,233)	174	379	(23)	(212)	(94)
OCTOBER 31, 2005	(54,317)	(13,868)	(5,787)	(697)	(6,403)	(287)	1,637	(2,213)	171	379	(23)	(212)	(94)
NOVEMBER 30, 2005	(54,297)	(13,833)	(5,797)	(690)	(6,403)	(219)	1,637	(2,192)	171	379	(23)	(212)	(94)
DECEMBER 31, 2005	(55,186)	(13,799)	(5,899)	(683)	(6,403)	(224)	180	(2,172)	206	379	(23)	(342)	(94)
JANUARY 31, 2006	(55,440)	(13,764)	(5,803)	(674)	(6,403)	(240)	163	(2,152)	206	379	(23)	(342)	(94)
FEBRUARY 28, 2006	(55,491)	(13,729)	(5,760)	(665)	(6,403)	(162)	195	(2,132)	206	379	(577)	(342)	(94)
MARCH 31, 2006	(55,547)	(13,695)	(5,718)	(655)	(6,403)	(206)	(1,840)	(2,112)	206	379	(577)	(342)	(94)
APRIL 30, 2006	(55,600)	(13,660)	(5,677)	(646)	(6,403)	(268)	(1,902)	(2,093)	206	379	(577)	(342)	(94)
MAY 31, 2006	(55,651)	(13,591)	(5,647)	(637)	(6,403)	(216)	1,902	(2,072)	206	379	(577)	(342)	(94)
JUNE 30, 2006	(27,853)	(6,796)	(2,801)	(314)	(3,202)	(108)	951	(1,026)	103	190	(288)	(171)	(47)
TOTAL TWELVE MONTHS	(658,816)	(167,777)	(68,457)	(8,160)	(76,836)	(2,902)	8,647	(26,069)	2,280	4,548	(2,772)	(3,395)	(1,129)
MONTHLY AVERAGE	(54,901)	(13,981)	(5,705)	(680)	(6,403)	(242)	721	(2,172)	190	379	(231)	(283)	(94)

EXHIBIT E-2
SCHEDULE 1
PAGE 2 OF 2

ORANGE AND ROCKLAND UTILITIES, INC

AVERAGE ELECTRIC RATE BASE
TWELVE MONTHS ENDED DECEMBER 31, 2007
($000s)

		UTILITY PLANT				UTILITY PLANT RESERVES			C.W.I.P. NOT TAKING INTEREST		
MONTH ENDED		ELECTRIC PLANT IN SERVICE	COMMON UTILITY PLANT	CIMS / OTHER COMMON UTILITY PLANT	ELECTRIC PLANT HELD FOR FUTURE USE	ELECTRIC PLANT IN SERVICE	COMMON UTILITY PLANT	CIMS / OTHER COMMON UTILITY PLANT	ELECTRIC	COMMON	TOTAL ELECTRIC
DECEMBER 31, 2006	@1/2	$336,405	$27,096	$18,933	$1,893	($111,640)	($11,115)	($13,108)	$2,544	$1,478	$4,023
JANUARY 31, 2007		674,748	54,740	37,865	3,786	(224,556)	(22,265)	(26,385)	5,089	2,957	8,046
FEBRUARY 28, 2007		676,311	54,704	37,865	3,786	(225,837)	(22,305)	(26,554)	5,089	2,957	8,046
MARCH 31, 2007		678,626	55,007	37,865	3,786	(227,124)	(22,344)	(26,723)	5,089	2,957	8,046
APRIL 30, 2007		680,231	55,148	37,865	3,786	(228,416)	(22,386)	(26,892)	5,089	2,957	8,046
MAY 31, 2007		698,115	56,103	37,865	3,786	(229,714)	(22,429)	(27,061)	5,089	2,957	8,046
JUNE 30, 2007		699,811	56,818	37,865	3,786	(231,053)	(22,474)	(27,230)	5,089	2,957	8,046
JULY 31, 2007		702,317	57,741	37,865	3,786	(232,398)	(22,525)	(27,399)	5,089	2,957	8,046
AUGUST 31, 2007		704,820	58,074	37,865	3,786	(233,749)	(22,582)	(27,568)	5,089	2,957	8,046
SEPTEMBER 30, 2007		707,319	58,453	37,865	3,786	(235,109)	(22,643)	(27,737)	5,089	2,957	8,046
OCTOBER 31, 2007		709,328	58,840	37,865	3,786	(236,475)	(22,707)	(27,906)	5,089	2,957	8,046
NOVEMBER 30, 2007		711,444	59,764	37,865	3,786	(237,848)	(22,772)	(28,075)	5,089	2,957	8,046
DECEMBER 31, 2007	@1/2	357,627	30,323	18,933	1,893	(119,613)	(11,423)	(14,122)	2,544	1,478	4,023
TOTAL TWELVE MONTHS		$8,337,103	$682,811	$454,380	$45,432	($2,773,531)	($269,968)	($326,760)	$61,068	$35,482	$96,550
MONTHLY AVERAGE		$694,759	$56,901	$37,865	$3,786	($231,128)	($22,497)	($27,230)	$5,089	$2,957	$8,046

EXHIBIT E-2
SCHEDULE 2
PAGE 1 OF 2

ORANGE AND ROCKLAND UTILITIES, INC

AVERAGE ELECTRIC RATE BASE
TWELVE MONTHS ENDED DECEMBER 31, 2007
($000s)

MONTH ENDED		M.T.A. SURTAX	LOW INCOME PROGRAM	RBO EXPEND.	DEFERRED FUEL	REMEDIATION MGP SITES	REMEDIATION WEST NYACK & OTHER	ACCUMULATED DEFERRED SIT	ACCUMULATED DEFERRED SIT - MTA	ACCUMULATED DEFERRED SIT NON - DEDUCTIBLE
DECEMBER 31, 2006	@1/2	($181)	($278)	$772	$2,823	$241	$9	($826)	($948)	$369
JANUARY 31, 2007		(363)	(557)	1,544	5,647	482	17	(1,762)	(2,066)	789
FEBRUARY 28, 2007		(363)	(557)	1,544	5,647	482	17	(1,872)	(2,236)	839
MARCH 31, 2007		(363)	(557)	1,544	5,647	482	17	(1,982)	(2,406)	889
APRIL 30, 2007		(363)	(557)	1,544	5,647	482	17	(2,093)	(2,576)	940
MAY 31, 2007		(363)	(557)	1,544	5,647	482	17	(2,203)	(2,746)	990
JUNE 30, 2007		(363)	(557)	1,544	5,647	482	17	(2,314)	(2,916)	1,040
JULY 31, 2007		(363)	(557)	1,544	5,647	482	17	(2,424)	(3,086)	1,090
AUGUST 31, 2007		(363)	(557)	1,544	5,647	482	17	(2,534)	(3,257)	1,141
SEPTEMBER 30, 2007		(363)	(557)	1,544	5,647	482	17	(2,645)	(3,427)	1,191
OCTOBER 31, 2007		(363)	(557)	1,544	5,647	482	17	(2,755)	(3,597)	1,241
NOVEMBER 30, 2007		(363)	(557)	1,544	5,647	482	17	(2,866)	(3,767)	1,291
DECEMBER 31, 2007	@1/2	(181)	(278)	772	2,823	241	9	(1,488)	(1,968)	671
TOTAL TWELVE MONTHS		(4,351)	(6,683)	18,528	67,759	5,786	207	(27,763)	(34,997)	12,482
MONTHLY AVERAGE		(363)	(557)	1,544	5,647	482	17	(2,314)	(2,916)	1,040

MONTH ENDED	ACRS / ADR	CAPITALIZED OVERHEADS 263A DEDUCTION	DEFERRED F.I.T. - COMPUTER SOFTWARE	DEFERRED F.I.T. - LEASED VEHICLES	DEFERRED PENSION LIABILITY-ALLOWED	CUST. ADV FOR CONSTRUCTION	ACCUM. PROVISION FOR CONTINGENCIES STORM DAMAGE RESERVE	ACCUM. DEFERRED I.T.C.	ACCUM. DEFERRED MTA - NYS INCOME TAX	STATE INCOME TAX BENEFIT PRE 2000
DECEMBER 31, 2006	($28,150)	($6,991)	($2,801)	($3,089)	($3,202)	($124)	($569)	($965)	$103	$190
JANUARY 31, 2007	(56,507)	(13,940)	(5,603)	(6,166)	(6,403)	(247)	(1,138)	(1,911)	206	379
FEBRUARY 28, 2007	(56,715)	(13,899)	(5,603)	(6,153)	(6,403)	(247)	(1,138)	(1,890)	206	379
MARCH 31, 2007	(56,922)	(13,858)	(5,603)	(6,140)	(6,403)	(247)	(1,138)	(1,870)	206	379
APRIL 30, 2007	(57,130)	(13,817)	(5,603)	(6,127)	(6,403)	(247)	(1,138)	(1,850)	206	379
MAY 31, 2007	(57,338)	(13,776)	(5,603)	(6,115)	(6,403)	(247)	(1,138)	(1,830)	206	379
JUNE 30, 2007	(57,546)	(13,735)	(5,603)	(6,103)	(6,403)	(247)	(1,138)	(1,810)	206	379
JULY 31, 2007	(57,754)	(13,694)	(5,603)	(6,091)	(6,403)	(247)	(1,138)	(1,789)	206	379
AUGUST 31, 2007	(57,961)	(13,653)	(5,603)	(6,080)	(6,403)	(247)	(1,138)	(1,769)	206	379
SEPTEMBER 30, 2007	(58,169)	(13,612)	(5,603)	(6,069)	(6,403)	(247)	(1,138)	(1,749)	206	379
OCTOBER 31, 2007	(58,377)	(13,571)	(5,603)	(6,058)	(6,403)	(247)	(1,138)	(1,729)	206	379
NOVEMBER 30, 2007	(58,585)	(13,530)	(5,603)	(6,047)	(6,403)	(247)	(1,138)	(1,709)	206	379
DECEMBER 31, 2007	(29,396)	(6,745)	(2,801)	(3,018)	(3,202)	(124)	(569)	(844)	103	190
TOTAL TWELVE MONTHS	(690,550)	(164,825)	(67,235)	(73,257)	(76,836)	(2,964)	(13,656)	(21,715)	2,472	4,548
MONTHLY AVERAGE	(57,546)	(13,735)	(5,603)	(6,105)	(6,403)	(247)	(1,138)	(1,810)	206	379

EXHIBIT E-2
SCHEDULE 3

ORANGE & ROCKLAND UTILITIES, INC.
EARNINGS BASE / CAPITALIZATION ADJUSTMENT
TWELVE MONTHS ENDED JUNE 30, 2006
($000s)

CAPITALIZATION		TOTAL						
LONG-TERM DEBT	$	317,974						
COMMON STOCK		194,344						
RETAINED EARNINGS		179,769						
SUB-TOTAL	$	692,087						
SHORT-TERM DEBT		89,445						
SUB-TOTAL	$	781,532						
ADDITIONS								
CUSTOMER DEPOSITS	$	11,443						
INTEREST ON CUSTOMER DEPOSITS		806						
CUSTOMER ADVANCES		1,122						
INTEREST ON REFUNDS - UNDERGROUND CUSTOMER ADVANCES		23						
DIVIDENDS DECLARED		4,667						
FUEL SUPPLIER REFUNDS		282						
FUEL SAVINGS FOR GAS USED IN POWER GENERATION		192						
INTERRUPTIBLE BENEFITS		2,010						
GAS STRANDED COST SURCHARGE RECOVERY		331						
PEAK SHAVING GAS COST RECOVERIES		164						
PIPELINE REFUNDS		49						
COMPETITIVE ENHANCEMENT FUND		51						
OPEB OBLIGATION		4,852						
INTEREST ON PENSION / OPEB OBLIGATIONS		991						
PROPERTY TAX REFUNDS & INTEREST		424						
STORM DAMAGE RESERVE & INTEREST		176						
TOTAL ADDITIONS	$	27,583						
DEDUCTIONS								
INVESTMENT IN SUBSIDIARIES	$	143,940						
NET RECEIVABLE / PAYABLE - ASSOCIATED COMPANIES		17,623						
TEMPORARY CASH INVESTMENTS		169						
CONSTRUCTION COSTS SUBJECT TO AFUDC		18,264						
GAS STORED UNDERGROUND		49,835						
PENSION OBLIGATION (EXCL. PORTION IN RATE BASE)		1,402						
GAS STORAGE CARRYING CHARGES		199						
NYS INCOME TAX - OVERCOLLECTION PORTION (2000/2001)		124						
NET G.A.C. UNDER COLLECTIONS & INTEREST		4,458						
TOTAL DEDUCTIONS	$	236,014						
TOTAL CAPITALIZATION		573,101						
				ELECTRIC		GAS		SUBSIDIARIES OTHER ELECTRIC
AVERAGE RATE BASE AS ADJUSTED		614,661		392,791		221,870		
ALLOCATION RATIO *		100.00%		54.48%		40.31%		5.21%
RATE BASE (OVER) / UNDER CAPITALIZATION	$	(41,560)	$	(22,642)	$	(16,753)	$	(2,165)

* ELECTRIC DISCOUNTED FOR SUBSIDIARIES BY 8.73%

ORANGE AND ROCKLAND UTILITIES, INC.
ELECTRIC AND COMMON PLANT IN SERVICE
ESTIMATE OF MONTHLY BALANCES
($000s)

	July-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
ELECTRIC PLANT IN SERVICE																		
BEGINNING BALANCE	650,015	651,063	653,187	657,208	659,627	664,525	672,809	674,748	676,311	678,626	680,231	698,115	699,811	702,317	704,820	707,319	709,328	711,444
ADDITIONS																		
DISTRIBUTION	1,094	2,179	2,438	2,497	2,875	4,153	1,845	1,790	2,483	1,626	8,542	2,078	2,677	2,623	2,555	1,813	2,225	2,214
TRANSMISSION	96	87	1,725	63	2,165	4,284	392	20	70	129	9,161	(347)	23	25	25	351	46	1,755
GENERAL	294	294	294	294	294	284	139	189	199	287	617	402	243	291	356	281	281	276
TOTAL ADDITIONS	1,484	2,560	4,457	2,854	5,334	8,721	2,375	1,999	2,751	2,041	18,320	2,132	2,942	2,939	2,938	2,445	2,552	4,246
RETIREMENTS																		
DISTRIBUTION	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2
TRANSMISSION	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4
GENERAL	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5
TOTAL RETIREMENTS	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1
ENDING BALANCE	651,063	653,187	657,208	659,627	664,525	672,809	674,748	676,311	678,626	680,231	698,115	699,811	702,317	704,820	707,319	709,328	711,444	715,253
COMMON PLANT IN SERVICE																		
BEGINNING BALANCE - COMMON	73,659	73,845	74,136	74,891	75,192	75,377	76,597	77,370	77,319	77,748	77,947	79,297	80,308	81,611	82,082	82,618	83,165	84,472
BEGINNING BALANCE - CIMS	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842
ADDITIONS																		
CIMS + OTHER @ 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMON @ 100%	468	573	1037	583	467	1502	1055	231	710	481	1632	1293	1586	753	817	829	1588	1527
TOTAL ADDITIONS	467.9	573.1	1,037.2	582.9	466.8	1,501.6	1,055.0	230.9	710.3	481.3	1,631.9	1,292.6	1,585.6	752.8	817.4	829.3	1,588.3	1,527.1
RETIREMENTS																		
CIMS + OTHER @ 100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
COMMON @ 100%	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282
TOTAL RETIREMENTS	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9
ENDING BALANCE - COMMON	73,845	74,136	74,891	75,192	75,377	76,597	77,370	77,319	77,748	77,947	79,297	80,308	81,611	82,082	82,618	83,165	84,472	85,717
ENDING BALANCE - CIMS	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842	49,842

EXHIBIT E-2
SCHEDULE 4

ORANGE AND ROCKLAND UTILITIES, INC.
ACCUMULATED PROVISION FOR DEPRECIATION
ELECTRIC AND COMMON PLANT IN SERVICE
ESTIMATE OF MONTHLY BALANCES
($000s)

	July-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
ELECTRIC PLANT IN SERVICE																		
BEGINNING BALANCE	215,920	217,130	218,343	219,563	220,793	222,030	223,279	224,556	225,837	227,124	228,416	229,714	231,053	232,398	233,749	235,109	236,475	237,848
DISTRIBUTION	863.5	865.4	869.8	874.9	880.2	886.3	895.5	899.2	902.7	907.9	911.0	930.8	935.0	940.7	946.2	951.6	955.2	959.7
TRANSMISSION	150.8	150.8	150.8	153.9	153.9	157.8	174.3	174.8	174.7	174.7	174.8	192.1	191.3	191.2	191.1	190.9	191.4	191.4
GENERAL	195.5	197.4	199.3	201.2	203.0	204.9	206.8	207.6	208.8	210.0	211.8	215.9	218.5	220.1	221.6	224.0	225.8	227.6
NET ADDITIONS AND RETIREMENTS	1,210	1,214	1,220	1,230	1,237	1,249	1,277	1,282	1,288	1,293	1,298	1,339	1,345	1,352	1,359	1,367	1,372	1,379
ENDING BALANCE	217,130	218,343	219,563	220,793	222,030	223,279	224,556	225,837	227,124	228,416	229,714	231,053	232,398	233,749	235,109	236,475	237,848	239,226
COMMON PLANT IN SERVICE																		
BEGINNING BALANCE - COMMON	31,226	31,254	31,283	31,314	31,348	31,383	31,420	31,470	31,526	31,581	31,641	31,702	31,765	31,837	31,918	32,004	32,094	32,186
BEGINNING BALANCE - CIMS	33,173	33,396	33,618	33,841	34,063	34,286	34,508	34,731	34,953	35,176	35,398	35,621	35,843	36,066	36,288	36,511	36,733	36,956
CIMS + OTHER @ 100%	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5
COMMON @ 100%	27.6	29.4	30.7	34.0	35.4	37.1	50.1	56.0	55.1	59.5	60.5	63.9	71.2	81.4	85.6	90.8	91.1	103.9
NET ADDITIONS AND RETIREMENTS	250.1	251.9	253.2	256.5	257.9	259.6	272.6	278.5	277.6	282.0	283.0	286.4	293.7	303.9	308.1	313.3	313.6	326.4
ENDING BALANCE - COMMON	31,254	31,283	31,314	31,348	31,383	31,420	31,470	31,526	31,581	31,641	31,702	31,765	31,837	31,918	32,004	32,094	32,186	32,289
ENDING BALANCE - CIMS	33,396	33,618	33,841	34,063	34,286	34,508	34,731	34,953	35,176	35,398	35,621	35,843	36,066	36,288	36,511	36,733	36,956	37,178

SCHEDULE 5

EXHIBIT E-2

ORANGE & ROCKLAND UTILITIES, INC.
ELECTRIC WORKING CAPITAL - SUMMARY
($000s)

	TWELVE MONTHS ENDED			
DESCRIPTION	JUNE 30, 2006 PER BOOKS	ADJUSTMENTS	JUNE 30, 2006 AS ADJUSTED	DEC. 31, 2007
OPERATION & MAINTENANCE EXP.	$ 11,536	$ 156	$ 11,692	$ 18,065
MATERIALS & SUPPLIES	3,848	-	3,848	3,983
PREPAYMENTS	4,698	-	4,698	5,783
WORKING CAPITAL REQUIREMENTS	$ 20,082	$ 156	$ 20,238	$ 27,830

EXHIBIT E-2
SCHEDULE 7

ORANGE & ROCKLAND UTILITIES, INC.
CASH WORKING CAPITAL - ELECTRIC
TWELVE MONTHS ENDED JUNE 30, 2006 AND DECEMBER 31, 2007
($000s)

	TWELVE MONTHS ENDED				
DESCRIPTION	JUNE 30, 2006 PER BOOKS	NORMALIZING ADJUSTMENTS (A)	JUNE 30, 2006 AS ADJUSTED	RATE CASE ADJUSTMENTS	DEC. 31, 2007
OPERATION & MAINTENANCE EXP.	$ 350,790	$ 1,289	$ 352,079	$ 45,530	$ 397,609
LESS:					
PURCHASED POWER	243,383	39	243,422	4,988	248,410
UNCOLLECTIBLES	2,104	-	2,104	324	2,428
REGULATORY ITEMS (DEFERRED CHARGES)					
DEFERRED PURCHASED POWER	12,070	-	12,070	(14,521)	(2,451)
RESEARCH & DEVELOPMENT AMORTIZATION	(17)	-	(17)	967	950
STRAY VOLTAGE AMORTIZATION	-	-	-	2,549	2,549
STORM RESERVE AMORTIZATION	-	-	-	2,881	2,881
ENVIRONMENTAL REMEDIATION					
MGP AMORTIZATION DEFERRALS	-	-	-	2,540	2,540
WEST NYACK AMORTIZATION	-	-	-	90	90
REGULATORY ITEMS (DEFERRED CREDITS)					
MEDICARE PART D	961	-	961	(2,073)	(1,112)
1ST INSTALLS - TRANSFORMERS	-	-	-	(1,695)	(1,695)
OIL SUPPLIER REFUNDS	-	-	-	(577)	(577)
DSM OVERRECOVERIES	-	-	-	(923)	(923)
WORKING CAPITAL REQUIREMENTS	$ 92,289	$ 1,250	$ 93,539	$ 50,980	$ 144,519
CASH WORKING CAPITAL @ 1/8	$ 11,536	$ 156	$ 11,692	$ 6,373	$ 18,065

(A) See Exhibit E-5, Summary, Page 3 of 3

EXHIBIT E-2
SCHEDULE 8

ORANGE & ROCKLAND UTILITIES, INC.
ELECTRIC WORKING CAPITAL
MATERIALS AND SUPPLIES
TWELVE MONTHS ENDED JUNE 30, 2006 AND DECEMBER 31, 2007
($000s)

MONTH	MATERIALS & STORES GENERAL EXPENSE	MATERIALS & STORES COMMON-ELECTRIC PORTION *	JUNE 30, 2006 TOTAL	NORMALIZING ADJUSTMENTS	JUNE 30, 2006 AS ADJUSTED	ESCALATION	DECEMBER 31, 2007 TOTAL
JUNE 30, 2005 @50%	$1,438	$330	$1,768	$0	$1,768	$62	$1,830
JULY 31, 2005	2,822	671	3,494	-	3,494	123	3,617
AUGUST 31, 2005	2,899	668	3,567	-	3,567	125	3,692
SEPTEMBER 30, 2005	2,864	696	3,559	-	3,559	125	3,684
OCTOBER 31, 2005	3,181	727	3,908	-	3,908	137	4,046
NOVEMBER 30, 2005	3,096	685	3,781	-	3,781	133	3,914
DECEMBER 31, 2005	3,202	661	3,864	-	3,864	136	3,999
JANUARY 31, 2006	3,153	613	3,766	-	3,766	132	3,898
FEBRUARY 28, 2006	3,403	613	4,017	-	4,017	141	4,158
MARCH 31, 2006	3,496	630	4,126	-	4,126	145	4,271
APRIL 30, 2006	3,344	726	4,069	-	4,069	143	4,212
MAY 31, 2006	3,441	744	4,184	-	4,184	147	4,331
JUNE 30, 2006 @50%	1,706	363	2,069	-	2,069	73	2,142
TWELVE MONTH TOTAL	$38,044	$8,127	$46,171	$0	$46,171	$1,624	$47,795
TWELVE MONTH AVERAGE	$3,170	$677	$3,848	$0	$3,848	$135	$3,983

* COMMON MATERIALS & SUPPLIES ALLOCATED TO ELECTRIC @ 70.75%

EXHIBIT E-2
SCHEDULE 9

ORANGE & ROCKLAND UTILITIES, INC.
ELECTRIC WORKING CAPITAL
PREPAYMENTS
($000s)

DESCRIPTION	AVERAGE BALANCE FOR TWELVE MONTHS ENDED JUNE 30, 2006 PER BOOKS	AVERAGE BALANCE FOR TWELVE MONTHS ENDED DEC. 31, 2007
LOCAL PROPERTY TAXES	$ 4,626	$ 5,708
REMARKET / LIQUIDITY	45	47
INSURANCE	81	84
NYPSC ASSESSMENT	477	494
NYS GROSS RECEIPTS	(1)	(1)
NYS 1% UTILITY TAX	(266)	(275)
NYS 2% AND 2.45% UTILITY TAX	(394)	(408)
INTEREST ON UNFUNDED DEBT	130	135
TOTAL AVERAGE PREPAYMENTS	$ 4,698	$ 5,783

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Exhibit E-3

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF SCHEDULES

Electric Sales and Revenues

ORANGE & ROCKLAND ELECTRIC
ELECTRIC SENDOUT, SALES VOLUMES AND REVENUES FROM SALES VOLUMES
FORECASTED 6 MONTHS ENDING DECEMBER 31, 2006 and
FORECASTED YEARS ENDING DECEMBER 31, 2007, DECEMBER 31, 2008 AND DECEMBER 31, 2009

		FORECASTED			
		Forecast Six Months Ended 12/31/2006 (1)	Forecast Year Ended 12/31/2007 (2)	Forecast Year Ended 12/31/2008 (3)	Forecast Year Ended 12/31/2009 (4)
1	SENDOUT - THOUSAND KILOWATTHOURS	2,239,676	4,334,932	4,405,121	4,467,685
	SALES VOLUMES - THOUSAND KILOWATTHOURS				
2	BILLED	2,104,445	4,089,871	4,189,023	4,163,653
3	UNBILLED	14,976	11,383	(21,162)	63,584
4	TOTAL	2,119,421	4,101,254	4,167,861	4,227,237
	REVENUES - $1000				
6	T&D REVENUES AT CURRENT RATES	$98,815	$180,753	$182,423	$184,608
7	MSC AND ECA REVENUES	$101,487	$223,850	$239,887	$224,574
8	SYSTEM BENEFIT CHARGE REVENUES	$2,395	$4,634	$4,709	$4,778
9	REVENUE TAXES	$2,376	$4,579	$4,728	$4,651
10	SUB-TOTAL	$205,073	$413,816	$431,747	$418,611
11	INTERCOMPANY FUEL & PSA BILL	$15,986	$31,936	$32,855	$32,579
12	GRAND TOTAL	$221,059	$445,752	$464,602	$451,190

ORANGE & ROCKLAND ELECTRIC
ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATIOI
FORECASTED 6 MONTHS ENDING DECEMBER 31, 2006

SC NO.	(Thousands KWHR) (Column 1)	Sum of Monthly Billable Demand (MW) (Column 2)	REVENUES ($000s) T&D Revenues at Current Rates (Column 3)	Market Supply Charge (Column 4)	Energy Cost Adjustment (Column 5)	System Benefit Charge (Column 6)	Revenue Tax (Column 7)	Total Revenue (Column 8)
1	787,150		51,299	42,436	(263)	890	1,770	96,132
19	57,978		3,563	2,443	(20)	66	34	6,086
Total Residential	845,128		54,862	44,879	(283)	956	1,804	102,218
2	461,955	1,599	25,506	22,507	(150)	522	273	48,658
20	12,926	33	550	449	(4)	15	6	1,016
Total Secondary	474,881	1,632	26,056	22,956	(154)	537	279	49,674
2	14,470	47	688	551	(5)	16	7	1,257
3	197,366	464	5,221	7,669	(62)	223	74	13,125
9	131,635	311	3,288	4,568	(42)	149	45	8,008
9 substation	46,354	78	618	2,410	(14)	52	17	3,083
9 transmission	3,412	6	27	0	(1)	4	0	30
21	18,863	39	478	754	(6)	21	7	1,254
22	127,722	257	2,205	4,143	(40)	144	37	6,489
22 substation	10,892	18	114	0	(3)	12	1	124
22 transmission	128,762	214	805	6,397	(41)	146	41	7,348
25	33,200	1,334	344	2,386	(12)	38	15	2,771
Total Primary	712,676	2,768	13,788	28,878	(226)	805	244	43,489
04	10,621		1,276	253	(4)	12	9	1,546
05	1,710		138	36	0	2	1	177
16	7,478		663	381	(2)	8	5	1,055
Total Lighting	19,809		2,077	670	(6)	22	15	2,778
Total Public Authority	51,951	95	1,427	3,843	0	58	25	5,353
Total Billed	2,104,445	4,495	98,210	101,226	(669)	2,378	2,367	203,512
Total Unbilled	14,976		605	969	(39)	17	9	1,561
Grand Total	2,119,421	4,495	98,815	102,195	(708)	2,395	2,376	205,073
						Intercompany Fuel & PSA Bill		15,986
						Grand Total Revenue		221,059

Note: Excludes Company Use Revenues and Sales

ORANGE & ROCKLAND ELECTRIC
ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATION
FORECASTED 12 MONTHS ENDING DECEMBER 31, 2007

SC NO.	Volumes (Thousands KWHR) (Column 1)	Sum of Monthly Billable Demand (MW) (Column 2)	REVENUES ($000s) T&D Revenues at Current Rates (Column 3)	Market Supply Charge (Column 4)	Energy Cost Adjustment (Column 5)	System Benefit Charge (Column 6)	Revenue Tax (Column 7)	Total Revenue (Column 8)
1	1,507,762		94,334	96,760	(911)	1,703	3,357	195,243
19	106,126		5,707	5,399	(64)	120	63	11,225
Total Residential	1,613,888		100,041	102,159	(975)	1,823	3,420	206,468
2	903,554	3,244	47,194	50,886	(546)	1,021	556	99,111
20	27,711	68	935	1,184	(17)	31	12	2,145
Total Secondary	931,265	3,312	48,129	52,070	(563)	1,052	568	101,256
2	29,095	92	1,163	1,263	(18)	33	13	2,454
3	405,962	974	10,242	17,240	(246)	459	156	27,851
9	268,575	638	6,033	9,834	(162)	304	90	16,099
9 substation	100,931	170	1,209	5,387	(61)	114	38	6,687
9 transmission	7,818	13	55	0	(5)	9	0	59
21	37,663	78	781	1,533	(23)	43	13	2,347
22	261,954	526	4,105	9,171	(159)	296	76	13,489
22 substation	22,654	36	213	0	(14)	26	1	226
22 transmission	214,463	356	1,314	12,797	(129)	242	80	14,304
25	57,200	2,414	645	4,952	(34)	65	32	5,660
Total Primary	1,406,315	5,297	25,760	62,177	(851)	1,591	499	89,176
04	20,509		2,558	524	(13)	23	17	3,109
05	3,423		279	82	(1)	4	1	365
16	15,091		1,328	915	(9)	17	13	2,264
Total Lighting	39,023		4,165	1,521	(23)	44	31	5,738
Total Public Authority	99,380	182	2,286	8,076	(31)	111	56	10,498
Total Billed	4,089,871	8,791	180,381	226,003	(2,443)	4,621	4,574	413,136
Total Unbilled	11,383		372	298	(8)	13	5	680
Grand Total	4,101,254	8,791	180,753	226,301	(2,451)	4,634	4,579	413,816
						Intercompany Fuel & PSA Bill		31,936
						Grand Total Revenue		445,752

Note: Excludes Company Use Revenues and Sales

ORANGE & ROCKLAND ELECTRIC
ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATION
FORECASTED 12 MONTHS ENDING DECEMBER 31, 2008

			REVENUES ($000s)					
SC NO.	Volumes (Thousands KWHR) (Column 1)	Sum of Monthly Billable Demand (MW) (Column 2)	T&D Revenues at Current Rates (Column 3)	Market Supply Charge (Column 4)	Energy Cost Adjustment (Column 5)	System Benefit Charge (Column 6)	Revenue Tax (Column 7)	Total Revenue (Column 8)
1	1,558,214		96,215	107,004	33	1,761	3,477	208,490
19	109,591		5,812	5,859	2	124	67	11,864
Total Residential	1,667,805		102,027	112,863	35	1,885	3,544	220,354
2	932,025	3,346	48,182	56,035	20	1,053	594	105,884
20	28,613	69	948	1,259	1	32	13	2,253
Total Secondary	960,638	3,415	49,130	57,294	21	1,085	607	108,137
2	30,014	94	1,181	1,352	1	34	15	2,583
3	409,685	982	10,338	17,746	9	463	161	28,717
9	271,107	650	6,118	9,368	6	306	89	15,887
9 substation	102,008	172	1,221	3,851	2	115	29	5,218
9 transmission	7,883	13	55	0	0	9	0	64
21	38,005	79	788	1,498	1	43	13	2,343
22	264,369	531	4,147	8,001	6	299	70	12,523
22 substation	22,838	36	214	0	1	26	1	242
22 transmission	215,270	357	1,318	13,756	5	244	86	15,409
25	58,700	2,522	660	5,399	1	66	35	6,161
Total Primary	1,419,879	5,436	26,040	60,971	32	1,605	499	89,147
04	20,799		2,553	454	1	23	17	3,048
05	3,469		283	82	0	4	2	371
16	15,300		1,329	997	0	17	14	2,357
Total Lighting	39,568		4,165	1,533	1	44	33	5,776
Total Public Authority	101,133	187	1,904	8,871	1	113	60	10,949
Total Billed	4,189,023	9,038	183,266	241,532	90	4,732	4,743	434,363
Total Unbilled	(21,162)		(843)	(1,734)	(1)	(23)	(15)	(2,616)
Grand Total	4,167,861	9,038	182,423	239,798	89	4,709	4,728	431,747
						Intercompany Fuel & PSA Bill		32,855
						Grand Total Revenue		464,602

Note: Excludes Company Use Revenues and Sales

ORANGE & ROCKLAND ELECTRIC
ELECTRIC SALES VOLUMES AND REVENUES FROM SALES VOLUMES BY SERVICE CLASSIFICATIOI
FORECASTED 12 MONTHS ENDING DECEMBER 31, 2009

			REVENUES ($000s)					
SC NO.	Volumes (Thousands KWHR) (Column 1)	Sum of Monthly Billable Demand (MW) (Column 2)	T&D Revenues at Current Rates (Column 3)	Market Supply Charge (Column 4)	Energy Cost Adjustment (Column 5)	System Benefit Charge (Column 6)	Revenue Tax (Column 7)	Total Revenue (Column 8)
1	1,548,699		95,860	100,711	13	1,750	3,431	201,765
19	108,872		5,783	5,438	1	123	64	11,409
Total Residential	1,657,571		101,643	106,149	14	1,873	3,495	213,174
2	931,182	3,343	48,128	52,988	8	1,052	577	102,753
20	28,600	69	947	1,155	0	33	12	2,147
Total Secondary	959,782	3,412	49,075	54,143	8	1,085	589	104,900
2	29,993	94	1,182	1,237	0	34	14	2,467
3	404,502	971	10,161	15,768	4	457	149	26,539
9	267,454	633	5,943	7,579	2	302	78	13,904
9 substation	100,755	171	1,201	1,726	1	114	17	3,059
9 transmission	7,815	14	59	0	0	9	0	68
21	37,492	76	754	1,261	1	43	12	2,071
22	261,279	525	4,079	6,186	2	295	59	10,621
22 substation	22,583	37	216	0	0	26	1	243
22 transmission	212,259	351	1,293	12,826	2	240	81	14,442
25	60,200	2,583	667	5,204	1	68	34	5,974
Total Primary	1,404,332	5,455	25,555	51,787	13	1,588	445	79,388
04	20,958		2,550	368	0	24	17	2,959
05	3,496		285	72	0	4	1	362
16	15,419		1,327	945	0	18	13	2,303
Total Lighting	39,873		4,162	1,385	0	46	31	5,624
Total Public Authority	102,095	187	1,897	8,441	0	114	59	10,511
Total Billed	4,163,653	9,054	182,332	221,905	35	4,706	4,619	413,597
Total Unbilled	63,584		2,276	2,634	0	72	32	5,014
Grand Total	4,227,237	9,054	184,608	224,539	35	4,778	4,651	418,611
						Intercompany Fuel & PSA Bill		32,579
						Grand Total Revenue		451,190

Note: Excludes Company Use Revenues and Sales

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Exhibit E-4

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF SCHEDULES

Electric Operating Income for the Twelve Months
Ended June 30, 2006 and December 31, 2007

SCHEDULE	TITLE OF SCHEDULE	WITNESS
1	Electric Operating Income	R. A. Kane
2	Electric Income Statement	"
3	Sales Delivery and Net Revenue Margins	"
4	Pension/Environmental/R&D/Deferral Surcharge	"
5	Other Operating Revenues - Electric	"
6	Plant Depreciation Expense	"
7	Taxes Other Than Income Taxes - Electric	"
8	State Income Tax Expense - Electric	"
9	Federal Income Tax - Electric	"
10	Interest Expense - Electric	"
11	Fund Requirements and Sources	"

EXHIBIT E-4
SCHEDULE 1

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Income
For The Twelve Months Ended June 30, 2006 and December 31, 2007
($000s)

	Normalized Test Year The Twelve Months Ended June 30, 2006	Adjustments	Twelve Months Ended December 31, 2007
Operating Revenues			
Sales to Public	$417,374	(3,558)	$413,816
Surcharge For Regulatory True-ups	-	34,687	34,687
Sales for Resale	31,747	(3,257)	28,490
Delivery Revenues	449,121	27,871	476,992
Other Operating Revenues	8,358	6,249	14,607
Total Operating Revenues	457,479	34,120	491,600
Operating Expenses			
Production & Purchases	259,446	(10,004)	249,442
Transmission	4,698	515	5,213
Distribution	30,862	26,751	57,613
Customer Accounts	13,572	898	14,470
Customer Service	7,491	(963)	6,528
Sales Promotion	8	0	8
Admin. & General	36,001	28,333	64,333
Subtotal Operating Expenses	352,078	45,530	397,607
Depreciation and Amortization	22,045	1,139	23,184
Taxes Other Than Income Taxes	27,554	(11,813)	15,741
Total Electric Operating Revenue Deductions	401,677	34,855	436,532
Electric Operating Income Before Income Taxes	55,803	(735)	55,068
Income Taxes			
State Income Taxes	3,423	(420)	3,003
Federal Income Tax	15,482	564	16,046
Deferred Federal Income Taxes	(2,767)	722	(2,045)
Amortization of Deferred 263A and ITC	(430)	(63)	(493)
Total Income Taxes	15,708	803	16,511
Electric Operating Income	$40,095	($1,538)	$38,557

ORANGE AND ROCKLAND UTILITIES, INC.
ELECTRIC INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED JUNE 30, 2006 AND DECEMBER 31, 2007
($000s)

	12 MONTHS ENDED JUNE 30, 2006	EARNINGS TEST NORMALIZATION ADJUSTMENTS		12 MONTHS ENDED JUNE 30, 2006	ADJUSTMENTS		12 MONTHS ENDED		
	PER BOOKS	REF	AMOUNT	AS ADJUSTED	REF	AMOUNT	DECEMBER 31, 2007	CHANGE	Adjusted
OPERATING REVENUES									
SALES & DELIVERIES TO PUBLIC	$417,374		-	$417,374	E-3, Sch 2	(3,558)	$413,816	$0	$413,816
SURCHARGE FOR REG. TRUE-UPS / DEFERRALS	-		-	-	E-4, Sch3	34,687	34,687	-	34,687
SALES FOR RESALE	32,402	E-3, Sch 3	(655)	31,747	E-3, Sch 3	(3,257)	28,490	-	28,490
DELIVERY REVENUES	449,776		(655)	449,121		27,871	476,992	-	476,992
OTHER OPERATING REVENUES	1,876	E-4, Sch 3	6,482	8,358	E-4, Sch 3	6,249	14,607	-	14,607
TOTAL OPERATING REVENUES	451,652		5,827	457,479		34,120	491,600	-	491,600
OPERATING EXPENSES									
PURCHASED POWER	243,383		39	243,422	E-5, Sch 1	4,988	248,410	-	248,410
DEFERRED PURCHASED POWER	12,070		-	12,070	E-5, Sch 1	(14,521)	(2,451)	-	(2,451)
OTHER	95,336		1,250	96,586	E-5, Summary	55,063	151,649	-	151,649
TOTAL OPERATING EXPENSES	350,789		1,289	352,078		45,530	397,608	-	397,608
DEPRECIATION AND AMORTIZATION EXPENSE	22,045		-	22,045	E-4, Sch 5	1,139	23,184	-	23,184
TAXES OTHER THAN INCOME TAXES	27,331	E-4, Sch 6	223	27,554	E-4, Sch 6	(11,813)	15,741	-	15,741
TOTAL OPERATING REVENUE DEDUCTIONS	400,165		1,512	401,677		34,855	436,533	-	436,533
OPERATING INCOME BEFORE F.I.T.	51,487		4,315	55,802		(735)	55,067	-	55,067
INCOME TAXES									
STATE INCOME TAXES	2,956	E-4, Sch 7	467	3,423	E-4, Sch 7	(420)	3,003	-	3,003
FEDERAL INCOME TAX	13,358	E-4, Sch 8	2,124	15,482	E-4, Sch 8	564	16,046	-	16,046
DEFERRED FEDERAL INCOME TAXES	(2,661)	E-4, Sch 8	(106)	(2,767)	E-4, Sch 8	722	(2,045)	-	(2,045)
AMORTIZATION OF DEFERRED TAXES	(430)		-	(430)	E-4, Sch 8	(63)	(493)	-	(493)
TOTAL INCOME TAXES	13,223		2,485	15,708		803	16,511	-	16,511
OPERATING INCOME	$38,264		$1,830	$40,094		($1,538)	$38,556	$0	$38,556
ELECTRIC RATE BASE									
ELECTRIC RATE BASE	$392,788	E-2, Sch 1	$0	$392,788	E-2, Sch 1	$66,357	$459,145		$459,145
EBCAP ADJUSTMENT TO ELECTRIC RATE BASE	(22,642)	E-2, Sch 3	-	(22,642)	E-2, Sch 3	-	(22,642)		(22,642)
TOTAL ELECTRIC RATE BASE	$370,146		$0	$370,146		$66,357	$436,503		$436,503
RATE OF RETURN	10.34%			10.83%			8.83%		8.83%
RETURN ON EQUITY	14.67%			15.69%			11.63%		11.63%

ORANGE AND ROCKLAND UTILITIES, INC.
COMPUTATION OF REVENUE REQUIREMENT - ELECTRIC
TWELVE MONTHS ENDED DECEMBER 31, 2007
($000s)

		Amount
RATE BASE (Exhibit E-2, Summary)	$	459,145
EARNINGS BASE/CAPITALIZATION ADJUSTMENT (Exhibit E-4, Schedule 8)		(22,642)
INDICATED RATE BASE	$	436,503
RATE OF RETURN (Exhibit E-8, Schedule 1)		8.83%
TOTAL RETURN REQUIRED	$	38,556
EARNED RETURN (Exhibit E-4, Schedule 2, Page 1)		38,556
ADDITIONAL RETURN REQUIRED	$	-
DIVIDED BY RETENTION FACTOR *		59.18%
ADDITIONAL REVENUE REQUIREMENT	$	-

* CALCULATION OF RETENTION FACTOR:	%		Amount
ADDITIONAL REVENUE	100.00%	$	-
LESS: REVENUE TAXES	1.10%		0
: UNCOLLECTIBLES	0.48%		0
SUBTOTAL	98.42%		0
LESS: SIT ON ABOVE @ 7.5%	7.38%		0
: FIT ON ABOVE @ 35%	31.86%		0
	59.18%	$	-

ORANGE AND ROCKLAND UTILITIES, INC.
SALES, DELIVERIES AND NET REVENUE MARGINS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, 2008 & 2009
($000s)

	2007	2008	2009
Delivery Revenue			
Residential	$ 100,041	$ 102,027	$ 101,643
Secondary	48,129	49,130	49,075
Primary	25,760	26,040	25,555
Lighting	4,165	4,165	4,162
Public Authority	2,286	1,904	1,897
Unbilled	372	(843)	2,276
Total	180,753	182,423	184,608
Market Supply Charge			
Residential	102,159	112,863	106,149
Secondary	52,070	57,294	54,143
Primary	62,177	60,971	51,787
Lighting	1,521	1,533	1,385
Public Authority	8,076	8,871	8,441
Unbilled	298	(1,734)	2,634
Total	226,301	239,798	224,539
Energy Cost Adjustment			
Residential	(975)	35	14
Secondary	(563)	21	8
Primary	(851)	32	13
Lighting	(23)	1	-
Public Authority	(31)	1	-
Unbilled	(8)	(1)	-
Total	(2,451)	89	35
SBC Revenue			
Residential	1,823	1,885	1,873
Secondary	1,052	1,085	1,085
Primary	1,591	1,605	1,588
Lighting	44	44	46
Public Authority	111	113	114
Unbilled	13	(23)	72
Total	4,634	4,709	4,778
Tax Recovery Revenue			
Residential	3,420	3,544	3,495
Secondary	568	607	589
Primary	499	499	445
Lighting	31	33	31
Public Authority	56	60	59
Unbilled	5	(15)	32
Total	4,579	4,728	4,651
Sales and Deliveries To Public	413,816	431,747	418,611
Intercompany Fuel & PSA Bill			
Intercompany Fuel & PSA Bill	31,936	32,855	32,579
Total	31,936	32,855	32,579
Total Revenue (excluding Surcharge)	$ 445,752	$ 464,602	$ 451,190
Current Power Costs			
MSC Costs Excl WP & Co. Use	226,301	239,798	224,539
ECA Costs	-	-	-
Company Use Costs	1,202	1,298	1,238
Purchased Power Costs - Resales	20,907	21,130	20,571
Total	248,410	262,226	246,348
Deferred Power Costs			
MSC Deferred Cost	-	-	-
ECA Deferred Cost	(2,451)	89	35
Total	(2,451)	89	35
Total Purchased Power Expense	245,959	262,315	246,383
Total Net Revenue	$ 180,753	$ 182,423	$ 184,608
Mwh Sales Excl Company Use	4,101,254	4,167,861	4,227,237
Avg Margin per Mwh	$ 0.04407	$ 0.04377	$ 0.04367
Sales for Resale	31,936	32,855	32,579
Less: Purchased Power Costs - Resales	(20,907)	(21,130)	(20,571)
Joint Use Rents (See E-4, Sched 5)	(3,446)	(3,446)	(3,446)
Power Supply Fixed Charges	(7,583)	(8,278)	(8,561)
	(0)	0	0

ORANGE AND ROCKLAND UTILITIES, INC.
CALCULATION OF PENSION / ENVIRONMENTAL / R&D / DEFERRAL SURCHARGE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007
($000s)

EXPENSES SUBJECT TO TRUE UP	EXH / SCH.	2007 EXPENDITURES	CURRENT RATE ALLOWANCE	2007 SURCHARGE
RESEARCH AND DEVELOPMENT	E-5, SCH 5	$ 991	$ -	$ 991
FAS 87 PENSION COSTS	E-5, SCH 6	14,694	1,895	12,799
FAS 106 OPEB COSTS *	E-5, SCH 6	5,797	221	5,576
ENVIRONMENTAL				
- MGP EXPENDITURES	E-5, SCH 8	5,786	-	5,786
- WEST NYACK & OTHER	E-5, SCH 8	311	-	311
TOTAL CURRENT SURCHARGE		27,579	2,116	25,463
SURCHARGE TO RECOVER DEFERRED COSTS (PAGE 2)				8,681
SUBTOTAL				34,144
GROSS RECEIPTS TAX (1.11%)	E-4, SCH 5			379
UNCOLLECTIBLE ACCOUNTS (0.48%)	E-5, SCH 7			164
TOTAL SURCHARGE				$ 34,687

* excludes amortization of Transitional Obligation of $1,817

ORANGE AND ROCKLAND UTILITIES, INC.
AMORTIZATION OF REGULATORY DEFERRALS
DEFERRED BALANCES AS OF DECEMBER 31, 2006

Regulatory Deferrals @ 12/31/06	Account	Exh. / Sched.	Balance 12/31/2006	Netting of Credits Against Deferrals	Balance 12/31/06 After Netting	Annual Amortization Surcharge 2007	2008	2009
Pensions	182321	E-5, SCH 6	12,362,510	-	12,362,510	4,120,837	4,120,837	4,120,837
OPEBs - Current	182323	E-5, SCH 6	14,164,396	-	14,164,396	4,721,465	4,721,465	4,721,465
- Transitional Obligation (a)	182323	E-5, SCH 6	10,904,984	-	10,904,984	(a)	(a)	(a)
- Medicare Part D Tax Benefits	254540	E-5, SCH 6	(3,335,665)	-	(3,335,665)	(1,111,888)	(1,111,888)	(1,111,888)
Environmental Remediation - MGP Deferral	182377	E-5, SCH 8	45,976,707	(45,976,707)	-	-	-	-
- MGP Interest	182376	E-5, SCH 8	767,571	(767,571)	-			
- Accrual (70.75%)	242375	E-5, SCH 8	(34,005,063)	34,005,063	-			
- W. Nyack	182372/4	E-5, SCH 8	451,904	(451,904)	-	-	-	-
Stray Voltage Program	182485	E-5, SCH 5	2,548,831	(2,548,831)	-	-	-	-
Interest on Disallowed Tax Deductions	182469	E-4, SCH 3	1,472,312	(1,472,312)	-			
Storm Reserve	182373	E-5, SCH 5	1,743,132	(2,881,137)	(1,138,005)	(b)	(b)	(b)
Research & Development	188100	E-5, SCH 5	2,851,338	-	2,851,338	950,446	950,446	950,446
Total			55,902,956	(20,093,399)	35,809,558	8,680,860	8,680,860	8,680,860
Regulatory Liabilities @ 12/31/06								
Oil Supplier Refunds (70%)	253151/064	E-5, SCH 5	(576,921)	576,921	-	-	-	-
Gain - Sale of Wurtsboro Property	254385	E-4, SCH 3	(94,068)	94,068	-	-	-	-
DSM Overrecoveries	254401	E-5, SCH 5	(922,756)	922,756	-	-	-	-
Property Tax True-up	254439/182439	E-4, SCH 5	(5,278,593)	5,278,593	-	-	-	-
Property Tax Refunds - Ramapo	254530	E-4, SCH 5	(612,609)	612,609	-	-	-	-
- Clarkstown	254096	E-4, SCH 5	(847,574)	847,574	-	-	-	-
- Orangetown (75%)	254083	E-4, SCH 5	(105,750)	105,750	-	-	-	-
- Haverstraw (75%)	254084	E-4, SCH 5	(1,768,560)	1,768,560	-	-	-	-
SIT Benefits - Pre-2000	229115	E-4, SCH 5	(6,973,000)	6,973,000	-	-	-	-
- Rate Changes (Electric)	254700	E-4, SCH 5	(629,700)	629,700	-	-	-	-
Capitalization of 1st Install of Transformers	229103	E-5, SCH 5	(1,695,326)	1,695,326	-	-	-	-
Performance Penalties - 2001	229185	E-4, SCH 3	(97,464)	97,464	-	-	-	-
- 2004	229190	E-4, SCH 3	(115,000)	115,000	-	-	-	-
- 2005	229193	E-4, SCH 3	(130,000)	130,000	-	-	-	-
- 2006	229101	E-4, SCH 3	(246,078)	246,078	-	-	-	-
			(20,093,399)	20,093,399	-	-	-	-
Recoveries less Refunds			35,809,557	-	35,809,558	8,680,860	8,680,860	8,680,860

(a) annual amortization of transitional obligation is $1,817,000 included in base rates. Amortization will be completed 12/31/12.
(b) actual incremental storm costs would be charged against the reserve.

ORANGE AND ROCKLAND UTILITIES, INC.
OTHER OPERATING REVENUES - ELECTRIC
FOR THE TWELVE MONTHS ENDED JUNE 30, 2006 &
DECEMBER 31, 2007
($000s)

MISCELLANEOUS SERVICE & OTHER REVENUES	TWELVE MONTHS ENDED 6/30/06 PER BOOKS	EARNINGS TEST NORMALIZING REF.	EARNINGS TEST NORMALIZING AMOUNT	TWELVE MONTHS ENDED 6/30/06 AS ADJUSTED	RATE CASE REF.	RATE CASE AMOUNT	RATE YEAR AS ADJUSTED	PROPOSED RATE INCREASE	RATE YEAR AS ADJUSTED FOR PROPOSED RATE INCREASE
Late Payment Charges (A/C 456301), (A/C 456330)	2,154		-	2,154		(18)	2,136	-	2,136
3rd Party Wheeling (A/C 456800) (M.S.C.)	278		-	278		(278)	-	-	-
Carrying Charge Joint Use Facilities (A/C 456601)	191		-	191		(6)	185	-	185
Customer Reconnect Fees (A/C 451102)	60		-	60		-	60	-	60
Property Tax Sharing Incentives (A/C 456651)	46		(42)	4		(4)	-	-	-
Switching Stations (A/C 456080) , (A/C 456090) , (A/C 456095)	39		-	39		(39)	-	-	-
Bad Check Charge (A/C 456401)	35		-	35		-	35	-	35
Sundry System - Prior Period Write Offs (A/C 456970) / (A/C 456975)	(61)		-	(61)		61	-	-	-
Accom Work (A/C 451103) / (A/C456201) / (A/C456210)	(234)		-	(234)		234	-	-	-
All Other	(3)		-	(3)		3	-	-	-
Total Other Operating Revenues	2,505		(42)	2,463		(47)	2,416	-	2,416
RENTS									
Rent from Electric Property - Pole Attachments	1,406		-	1,406		(214)	1,192	-	1,192
- Cell Towers	736		-	736		3	739	-	739
- Transformers	1		-	1		-	1	-	1
Intercompany Billing - Joint Use Rents	2,900		-	2,900		547	3,446	-	3,446
	5,043		-	5,043		336	5,378	-	5,378
REVENUE SUBJECT TO REFUND									
2000 S.I.T. Transitional Tax Benefits (A/C 229110)	-		-	-	E-4, Sch 3	6,973	6,973	-	6,973
Amort Deferred SIT Over / Under Recovery (A/C 449110)	853		-	853		(853)	-	-	-
Deferred SIT Rate Changes (254700)	-		-	-	E-4, Sch 3	630	630	-	630
Interest on IRS disallowance of SSCM Deduction	-		-	-	E-4, Sch 3	(1,472)	(1,472)	-	(1,472)
Accum Prov For Rate Refund: 2001 Electric Restoration Goal (A/C 229185	-		-	-	E-4, Sch 3	97	97	-	97
Accum Prov For Rate Refund: 2004 Electric Restoration Goal (A/C 22919C	-		-	-	E-4, Sch 3	115	115	-	115
Accum Prov For Rate Refund: 2005 Electric Restoration Goal (A/C 229193	(130)		130	-	E-4, Sch 3	130	130	-	130
Accum Prov For Rate Refund: 2006 Electric Restoration Goal (A/C 229101	-		-	-	E-4, Sch 3	246	246	-	246
Gain - Sale of Wursbury Property (A/C 254385)	-		-	-	E-4, Sch 3	94	94	-	94
Accum Prov For Rate Refund: Overearnings Accrual (A/C 449195)	(6,394)		6,394	-		-	-	-	-
Total Revenue Subject To Refund	(5,671)		6,524	853		5,960	6,813	-	6,813
TOTAL OTHER OPERATING REVENUES	$ 1,876		$ 6,482	$ 8,358		$ 6,249	$ 14,607	$ -	$ 14,607

EXHIBIT E-4
SCHEDULE 5

Orange and Rockland Utilities, Inc.
Electric Rate Case
Plant Depreciation Expense
July 2006 to December 2006

Electric Plant In Service Beginning Balance:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated	-	-	-	-	-	-	-
Distribution	492,806.8	492,806.8	493,579.6	495,437.3	497,553.7	499,729.8	502,283.5
Transmission	123,181.3	123,181.3	123,192.6	123,195.2	124,836.2	124,814.7	126,895.3
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,266.3	1,266.3	1,260.6	1,254.9	1,249.2	1,243.5	1,237.8
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	938.6	938.6	1,232.9	1,527.2	1,821.5	2,115.8	2,410.1
Data Handling Equipment	9,249.0	9,249.0	9,224.2	9,199.4	9,174.6	9,149.8	9,125.0
Easements	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-
Total	653,736.1	653,736.1	654,784.0	656,908.1	660,929.3	663,347.7	668,245.7

Electric Plant Additions:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated		-	-	-	-	-	-
Distribution		1,094.0	2,178.8	2,437.7	2,497.2	2,874.9	4,152.8
Transmission		95.7	87.1	1,725.3	62.9	2,165.0	8,683.9
Trans And Distr Future		-	-	-	-	-	-
Information System		-	-	-	-	-	-
Intangible Plant		-	-	-	-	-	-
Office Buildings		-	-	-	-	-	-
Office Furniture		-	-	-	-	-	-
Automobiles		-	-	-	-	-	-
Light Trucks		-	-	-	-	-	-
Heavy Trucks		-	-	-	-	-	-
General Equipment		294.3	294.3	294.3	294.3	294.3	294.3
Data Handling Equipment		-	-	-	-	-	(10.2)
Easements		-	-	-	-	-	-
Trailers		-	-	-	-	-	-
Total		1,484.0	2,560.2	4,457.3	2,854.4	5,334.2	13,120.8

Electric Plant Retirements:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated		-	-	-	-	-	-
Distribution		321.2	321.2	321.2	321.2	321.2	321.2
Transmission		84.4	84.4	84.4	84.4	84.4	84.4
Trans And Distr Future		-	-	-	-	-	-
Information System		-	-	-	-	-	-
Intangible Plant		5.7	5.7	5.7	5.7	5.7	5.7
Office Buildings		-	-	-	-	-	-
Office Furniture		-	-	-	-	-	-
Automobiles		-	-	-	-	-	-
Light Trucks		-	-	-	-	-	-
Heavy Trucks		-	-	-	-	-	-
General Equipment		-	-	-	-	-	-
Data Handling Equipment		24.8	24.8	24.8	24.8	24.8	24.8
Easements		-	-	-	-	-	-
Trailers		-	-	-	-	-	-
Total		436.1	436.1	436.1	436.1	436.1	436.1

Electric Plant Ending Balance:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated	-	-	-	-	-	-	-
Distribution	492,806.8	493,579.6	495,437.3	497,553.7	499,729.8	502,283.5	506,115.1
Transmission	123,181.3	123,192.6	123,195.2	124,836.2	124,814.7	126,895.3	135,494.8
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,266.3	1,260.6	1,254.9	1,249.2	1,243.5	1,237.8	1,232.1
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	938.6	1,232.9	1,527.2	1,821.5	2,115.8	2,410.1	2,704.4
Data Handling Equipment	9,249.0	9,224.2	9,199.4	9,174.6	9,149.8	9,125.0	9,090.0
Easements	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-
Total	653,736.1	654,784.0	656,908.1	660,929.3	663,347.7	668,245.7	680,930.4

Electric Plant Depreciation Rates:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated		-	-	-	-	-	-
Distribution		0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040
Transmission		0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090
Trans And Distr Future		0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530
Information System		0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890
Intangible Plant		0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540
Office Buildings		0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770
Office Furniture		0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340
Automobiles		0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Light Trucks		0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950
Heavy Trucks		0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920
General Equipment		0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190
Data Handling Equipment		0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760
Easements		-	-	-	-	-	-
Trailers		-	-	-	-	-	-

Electric Plant Depreciation Expense @ 100%:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated		-	-	-	-	-	-
Distribution		1,184.7	1,186.6	1,191.0	1,196.1	1,201.4	1,207.5
Transmission		235.2	235.2	235.2	238.3	238.3	242.2
Trans And Distr Future		0.2	0.2	0.2	0.2	0.2	0.2
Information System		17.5	17.5	17.5	17.5	17.5	17.5
Intangible Plant		6.4	6.4	6.3	6.3	6.3	6.3
Office Buildings		4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture		78.4	78.4	78.4	78.4	78.4	78.4
Automobiles		2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks		19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks		56.9	56.9	56.9	56.9	56.9	56.9
General Equipment		6.4	8.4	10.4	12.4	14.4	16.4
Data Handling Equipment		34.0	33.9	33.8	33.7	33.6	33.5
Easements		-	-	-	-	-	-
Trailers		-	-	-	-	-	-
Total		1,645.9	1,649.7	1,655.9	1,666.0	1,673.2	1,685.1

Electric Plant Depreciation Expense Charged to Clearing Accounts @ 100%:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Information System		17.5	17.5	17.5	17.5	17.5	17.5
Automobiles		2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks		19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks		56.9	56.9	56.9	56.9	56.9	56.9
General Equipment		6.4	8.4	10.4	12.4	14.4	16.4
Total		102.4	104.4	106.4	108.4	110.4	112.4

Electric Plant Depreciation Expense Charged to Income Statement @ 100%:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated		-	-	-	-	-	-
Distribution		1,184.7	1,186.6	1,191.0	1,196.1	1,201.4	1,207.5
Transmission		235.2	235.2	235.2	238.3	238.3	242.2
Trans And Distr Future		0.2	0.2	0.2	0.2	0.2	0.2
Intangible Plant		6.4	6.4	6.3	6.3	6.3	6.3
Office Buildings		4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture		78.4	78.4	78.4	78.4	78.4	78.4
Data Handling Equipment		34.0	33.9	33.8	33.7	33.6	33.5
Easements		-	-	-	-	-	-
Trailers		-	-	-	-	-	-
Total		1,543.5	1,545.3	1,549.5	1,557.6	1,562.8	1,572.7

Common Plant @ 100%

Common Plant In Service Beginning Balance:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated	-	-	-	-	-	-	-
Information System	10,157.1	10,157.1	10,232.2	10,234.1	10,295.9	10,287.3	10,358.3
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0
Office Buildings	41,874.8	41,874.8	41,816.8	41,935.4	42,242.3	42,334.3	42,276.3
Office Furniture	3,663.7	3,663.7	3,644.7	3,625.7	3,606.7	3,587.7	3,568.7
Automobiles	348.5	348.5	350.6	352.6	354.7	356.7	358.8
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1
Heavy Trucks	549.3	549.3	708.6	867.9	1,027.2	1,186.5	1,345.8
General Equipment	367.1	367.1	458.4	551.6	860.6	1,000.7	1,095.0
Data Handling Equipment	12,970.8	12,970.8	12,906.0	12,841.2	12,776.4	12,711.6	12,646.8
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0
Total	123,501.4	123,501.4	123,687.4	123,978.5	124,733.9	125,034.8	125,219.7

Common Plant Additions:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated		-	-	-	-	-	-
Information System		210.9	137.7	197.6	127.2	206.8	1,320.9
Intangible Plant		-	-	-	-	-	-
Office Buildings		-	176.6	364.9	150.0	-	-
Office Furniture		4.3	4.3	4.3	4.3	4.3	4.3
Automobiles		2.1	2.1	2.1	2.1	2.1	2.1
Light Trucks		-	-	-	-	-	-
Heavy Trucks		159.3	159.3	159.3	159.3	159.3	159.3
General Equipment		91.3	93.1	309.0	140.0	94.3	15.1
Data Handling Equipment		-	-	-	-	-	-
Easements		-	-	-	-	-	-
Total		467.9	573.1	1,037.2	582.9	466.8	1,501.6

Common Plant Retirements:

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Unallocated		-	-	-	-	-	-
Information System		135.8	135.8	135.8	135.8	135.8	135.8
Intangible Plant		-	-	-	-	-	-
Office Buildings		58.0	58.0	58.0	58.0	58.0	58.0
Office Furniture		23.3	23.3	23.3	23.3	23.3	23.3
Automobiles		-	-	-	-	-	-
Light Trucks		-	-	-	-	-	-

	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06
Heavy Trucks		-	-	-	-	-	-
General Equipment		-	-	-	-	-	-
Data Handling Equipment		64.8	64.8	64.8	64.8	64.8	64.8
Easements		-	-	-	-	-	-
Total		281.9	281.9	281.9	281.9	281.9	281.9
Common Plant Ending Balance:							
Unallocated	-	-	-	-	-	-	-
Information System	10,157.1	10,232.2	10,234.1	10,295.9	10,287.3	10,358.3	11,543.4
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0
Office Buildings	41,874.8	41,816.8	41,935.4	42,242.3	42,334.3	42,276.3	42,218.3
Office Furniture	3,663.7	3,644.7	3,625.7	3,606.7	3,587.7	3,568.7	3,549.6
Automobiles	348.5	350.6	352.6	354.7	356.7	358.8	360.8
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1
Heavy Trucks	549.3	708.6	867.9	1,027.2	1,186.5	1,345.8	1,505.1
General Equipment	367.1	458.4	551.6	860.6	1,000.7	1,095.0	1,110.1
Data Handling Equipment	12,970.8	12,906.0	12,841.2	12,776.4	12,711.6	12,646.8	12,582.0
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0
Total	123,501.4	123,687.4	123,978.5	124,733.9	125,034.8	125,219.7	126,439.5
Common Plant Depreciation Rates:							
Unallocated		-	-	-	-	-	-
Information System		0.010416	0.010416	0.010416	0.010416	0.010416	0.010416
Intangible Plant		-	-	-	-	-	-
Office Buildings		0.001832	0.001832	0.001832	0.001832	0.001832	0.001832
Office Furniture		0.004640	0.004640	0.004640	0.004640	0.004640	0.004640
Automobiles		0.010043	0.010043	0.010043	0.010043	0.010043	0.010043
Light Trucks		0.010134	0.010134	0.010134	0.010134	0.010134	0.010134
Heavy Trucks		0.007464	0.007464	0.007464	0.007464	0.007464	0.007464
General Equipment		0.004358	0.004358	0.004358	0.004358	0.004358	0.004358
Data Handling Equipment		0.006438	0.006438	0.006438	0.006438	0.006438	0.006438
Easements		-	-	-	-	-	-
Common Plant Depreciation Expense @ 100%:							
Unallocated		-	-	-	-	-	-
Information System		105.8	106.6	106.6	107.2	107.2	107.9
Intangible Plant - Amortizations		-	-	-	-	-	-
CIMS		182.2	182.2	182.2	182.2	182.2	182.2
Retail Access Ph 3 & 4		20.4	20.4	20.4	20.4	20.4	20.4
Plant Field Order Route Design		4.4	4.4	4.4	4.4	4.4	4.4
Software New Bus Proj Management		8.5	8.5	8.5	8.5	8.5	8.5
Software Data Pipe		6.5	6.5	6.5	6.5	6.5	6.5
Blue Hill		0.5	0.5	0.5	0.5	0.5	0.5
Total Amortizations		222.5	222.5	222.5	222.5	222.5	222.5
Office Buildings		76.7	76.6	76.8	77.4	77.6	77.5
Office Furniture		17.0	16.9	16.8	16.7	16.6	16.6
Automobiles		3.5	3.5	3.5	3.6	3.6	3.6
Light Trucks		17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks		4.1	5.3	6.5	7.7	8.9	10.0
General Equipment		1.6	2.0	2.4	3.8	4.4	4.8
Data Handling Equipment		83.5	83.1	82.7	82.3	81.8	81.4
Easements		-	-	-	-	-	-
Total		532.0	533.8	535.1	538.5	539.9	541.6
Common Plant Depreciation Expense Charged to Clearing Accounts:							
Information System		105.8	106.6	106.6	107.2	107.2	107.9
Automobiles		3.5	3.5	3.5	3.6	3.6	3.6
Light Trucks		17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks		4.1	5.3	6.5	7.7	8.9	10.0
General Equipment		1.6	2.0	2.4	3.8	4.4	4.8
Total		132.3	134.7	136.3	139.6	141.4	143.6
Common Plant Depreciation Expense Allocated:							
Unallocated @ 70.75%		-	-	-	-	-	-
Intangible Plant - Amortizations @ 75.97%							
CIMS		138.4	138.4	138.4	138.4	138.4	138.4
Retail Access Ph 3 & 4		15.5	15.5	15.5	15.5	15.5	15.5
Plant Field Order Route Design		3.3	3.3	3.3	3.3	3.3	3.3
Software New Bus Proj Management		6.5	6.5	6.5	6.5	6.5	6.5
Software Data Pipe		4.9	4.9	4.9	4.9	4.9	4.9
Blue Hill		0.4	0.4	0.4	0.4	0.4	0.4
Total Amortizations		169.0	169.0	169.0	169.0	169.0	169.0
Office Buildings @ 70.75%		54.3	54.2	54.3	54.8	54.9	54.8
Office Furniture @ 70.75%		12.0	12.0	11.9	11.8	11.7	11.7
Data Handling Equipment @ 70.75%		59.1	58.8	58.5	58.2	57.9	57.6
Easements @ 70.75%		-	-	-	-	-	-
Total Common Depreciation Allocated		294.4	294.0	293.7	293.8	293.5	293.1
Total Electric Depreciation On Income Statement		1,543.5	1,545.3	1,549.5	1,557.6	1,562.8	1,572.7
Total Common Depreciation Alloc On Income Statement		294.4	294.0	293.7	293.8	293.5	293.1
Total Electric Depreciation On Income Statement		1,837.9	1,839.3	1,843.2	1,851.4	1,856.3	1,865.8

Orange and Rockland Utilitiesw, Inc.
Electric Rate Case
Plant Depreciation Expense
January 2007 to December 2007

EXHIBIT E-4
SCHEDULE 6

Electric Plant In Service Beginning Balance:

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	506,115.1	507,638.8	509,107.4	511,268.8	512,573.2	520,793.6	522,549.9	524,905.6	527,207.3	529,441.0	530,932.9	532,836.7
Transmission	135,494.8	135,802.1	135,737.8	135,723.7	135,768.5	144,845.2	144,413.8	144,351.9	144,292.1	144,232.7	144,498.8	144,460.0
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,232.1	1,226.4	1,220.7	1,215.0	1,209.3	1,203.6	1,197.9	1,192.2	1,186.5	1,180.8	1,175.1	1,169.4
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	2,704.4	2,842.9	3,031.6	3,230.2	3,516.7	4,133.8	4,535.4	4,777.7	5,030.2	5,348.2	5,621.6	5,895.0
Data Handling Equipment	9,090.0	9,065.2	9,040.4	9,015.6	8,990.8	8,966.0	8,941.2	8,916.9	8,930.6	8,943.7	8,926.5	8,909.4
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	680,930.4	682,869.5	684,432.0	686,747.4	688,352.6	706,236.3	707,932.3	710,438.4	712,940.8	715,440.6	717,449.0	719,564.7

Electric Plant Additions:

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,844.9	1,789.8	2,482.6	1,625.6	8,541.6	2,077.5	2,676.8	2,623.0	2,554.9	1,813.1	2,225.0	2,214.4
Transmission	391.7	20.1	70.3	129.2	9,161.1	(347.0)	22.5	24.6	25.0	350.5	45.6	1,755.3
Trans And Distr Future	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	138.5	188.7	198.6	286.5	617.1	401.6	242.3	252.5	318.0	273.4	273.4	273.4
Data Handling Equipment	-	-	-	-	-	-	0.5	38.5	37.9	7.6	7.7	2.5
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,375.1	1,998.6	2,751.5	2,041.3	18,319.8	2,132.1	2,942.1	2,938.6	2,935.8	2,444.6	2,551.7	4,245.6

Electric Plant Retirements:

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2
Transmission	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4
Trans And Distr Future	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Office Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Data Handling Equipment	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1

Electric Plant Ending Balance:

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	507,638.8	509,107.4	511,268.8	512,573.2	520,793.6	522,549.9	524,905.6	527,207.3	529,441.0	530,932.9	532,836.7	534,730.0
Transmission	135,802.1	135,737.8	135,723.7	135,768.5	144,845.2	144,413.8	144,351.9	144,292.1	144,232.7	144,498.8	144,460.0	146,130.9
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,226.4	1,220.7	1,215.0	1,209.3	1,203.6	1,197.9	1,192.2	1,186.5	1,180.8	1,175.1	1,169.4	1,163.7
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	2,842.9	3,031.6	3,230.2	3,516.7	4,133.8	4,535.4	4,777.7	5,030.2	5,348.2	5,621.6	5,895.0	6,168.4
Data Handling Equipment	9,065.2	9,040.4	9,015.6	8,990.8	8,966.0	8,941.2	8,916.9	8,930.6	8,943.7	8,926.5	8,909.4	8,887.1
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	682,869.5	684,432.0	686,747.4	688,352.6	706,236.3	707,932.3	710,438.4	712,940.8	715,440.6	717,449.0	719,564.7	723,374.1

Electric Plant Depreciation Rates:

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040
Transmission	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090
Trans And Distr Future	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530
Information System	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890
Intangible Plant	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540
Office Buildings	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770
Office Furniture	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340
Automobiles	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310
Light Trucks	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950
Heavy Trucks	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920
General Equipment	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190
Data Handling Equipment	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Electric Plant Depreciation Expense @ 100%:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,216.7	1,220.4	1,223.9	1,229.1	1,232.2	1,252.0	1,256.2	1,261.9	1,267.4	1,272.8	1,276.4	1,280.9
Transmission	258.7	259.2	259.1	259.1	259.2	276.5	275.7	275.6	275.5	275.3	275.8	275.8
Trans And Distr Future	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Information System	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Intangible Plant	6.2	6.2	6.2	6.1	6.1	6.1	6.1	6.0	6.0	6.0	5.9	5.9
Office Buildings	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4
Automobiles	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9
General Equipment	18.4	19.4	20.7	22.0	24.0	28.2	30.9	32.6	34.3	36.5	38.3	40.2
Data Handling Equipment	33.4	33.3	33.2	33.1	33.1	33.0	32.9	32.8	32.8	32.9	32.8	32.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,712.6	1,717.7	1,722.3	1,728.6	1,733.8	1,775.0	1,781.0	1,788.1	1,795.2	1,802.7	1,808.4	1,814.8
Electric Plant Depreciation Expense Charged to Clearing Accounts @ 100%:												
Information System	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Automobiles	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9
General Equipment	18.4	19.4	20.7	22.0	24.0	28.2	30.9	32.6	34.3	36.5	38.3	40.2
Total	114.4	115.4	116.7	118.0	120.0	124.2	126.9	128.6	130.3	132.5	134.3	136.2
Electric Plant Depreciation Expense Charged to Income Statement @ 100%:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,216.7	1,220.4	1,223.9	1,229.1	1,232.2	1,252.0	1,256.2	1,261.9	1,267.4	1,272.8	1,276.4	1,280.9
Transmission	258.7	259.2	259.1	259.1	259.2	276.5	275.7	275.6	275.5	275.3	275.8	275.8
Trans And Distr Future	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Intangible Plant	6.2	6.2	6.2	6.1	6.1	6.1	6.1	6.0	6.0	6.0	5.9	5.9
Office Buildings	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4
Data Handling Equipment	33.4	33.3	33.2	33.1	33.1	33.0	32.9	32.8	32.8	32.9	32.8	32.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,598.2	1,602.3	1,605.6	1,610.6	1,613.8	1,650.8	1,654.1	1,659.5	1,664.9	1,670.2	1,674.1	1,678.6

Common Plant @ 100%

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Common Plant In Service Beginning Balance:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	11,543.4	11,407.6	11,287.3	11,674.6	11,538.8	11,403.0	11,790.3	12,024.9	12,232.2	12,618.7	12,482.9	13,734.2
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0
Office Buildings	42,218.3	42,160.3	42,200.6	42,181.7	42,175.4	43,314.2	43,427.0	43,480.7	43,459.0	43,437.2	44,082.1	44,205.4
Office Furniture	3,549.6	3,526.3	3,508.3	3,490.2	3,466.9	3,448.8	3,430.7	3,407.4	3,389.3	3,371.2	3,347.9	3,324.6
Automobiles	360.8	360.8	360.8	360.8	411.3	512.6	512.6	512.6	512.6	512.6	593.7	593.7
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1
Heavy Trucks	1,505.1	2,558.7	2,660.0	2,761.3	3,004.5	3,267.9	3,571.9	4,666.0	4,969.9	5,172.6	5,172.6	5,172.6
General Equipment	1,110.1	1,111.5	1,122.1	1,163.7	1,299.5	1,364.8	1,654.2	1,663.6	1,727.9	1,778.9	1,824.2	1,844.2
Data Handling Equipment	12,582.0	12,517.2	12,452.4	12,387.6	12,322.8	12,258.0	12,193.2	12,128.4	12,063.6	11,998.8	11,934.0	11,869.2
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0
Total	126,439.5	127,212.6	127,161.5	127,590.0	127,789.4	129,139.3	130,150.0	131,453.7	131,924.6	132,460.1	133,007.6	134,314.0
Common Plant Additions:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	15.5	523.1	-	-	523.1	370.4	343.1	522.3	-	1,387.1	1,405.7
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	-	98.3	39.1	51.8	1,196.7	170.8	111.7	36.3	36.3	702.9	181.2	77.6
Office Furniture	-	5.2	5.2	-	5.2	5.2	-	5.2	5.2	-	-	-
Automobiles	-	-	-	50.5	101.3	-	-	-	-	81.1	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	1,053.6	101.3	101.3	243.2	263.4	304.0	1,094.1	303.9	202.7	-	-	-
General Equipment	1.4	10.6	41.7	135.8	65.2	289.5	9.4	64.3	51.0	45.3	20.0	43.8
Data Handling Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,055.0	230.9	710.3	481.3	1,631.9	1,292.6	1,585.6	752.8	817.4	829.3	1,588.3	1,527.1
Common Plant Retirements:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0
Office Furniture	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Data Handling Equipment	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9
Common Plant Ending Balance:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	11,407.6	11,287.3	11,674.6	11,538.8	11,403.0	11,790.3	12,024.9	12,232.2	12,618.7	12,482.9	13,734.2	15,004.1
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0
Office Buildings	42,160.3	42,200.6	42,181.7	42,175.4	43,314.2	43,427.0	43,480.7	43,459.0	43,437.2	44,082.1	44,205.4	44,225.0
Office Furniture	3,526.3	3,508.3	3,490.2	3,466.9	3,448.8	3,430.7	3,407.4	3,389.3	3,371.2	3,347.9	3,324.6	3,301.3
Automobiles	360.8	360.8	360.8	411.3	512.6	512.6	512.6	512.6	512.6	593.7	593.7	593.7
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Heavy Trucks	2,558.7	2,660.0	2,761.3	3,004.5	3,267.9	3,571.9	4,666.0	4,969.9	5,172.6	5,172.6	5,172.6	5,172.6
General Equipment	1,111.5	1,122.1	1,163.7	1,299.5	1,364.8	1,654.2	1,663.6	1,727.9	1,778.9	1,824.2	1,844.2	1,888.0
Data Handling Equipment	12,517.2	12,452.4	12,387.6	12,322.8	12,258.0	12,193.2	12,128.4	12,063.6	11,998.8	11,934.0	11,869.2	11,804.4
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0
Total	127,212.6	127,161.5	127,590.0	127,789.4	129,139.3	130,150.0	131,453.7	131,924.6	132,460.1	133,007.6	134,314.0	135,559.1
Common Plant Depreciation Rates:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832
Office Furniture	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640
Automobiles	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043
Light Trucks	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134
Heavy Trucks	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464
General Equipment	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358
Data Handling Equipment	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Common Plant Depreciation Expense @ 100%:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	120.2	118.8	117.6	121.6	120.2	118.8	122.8	125.3	127.4	131.4	130.0	143.1
Intangible Plant - Amortizations	-	-	-	-	-	-	-	-	-	-	-	-
CIMS	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2
Retail Access Ph 3 & 4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Plant Field Order Route Design	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Software New Bus Proj Management	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Software Data Pipe	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Blue Hill	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Amortizations	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5
Office Buildings	77.3	77.2	77.3	77.3	77.3	79.4	79.6	79.7	79.6	79.6	80.8	81.0
Office Furniture	16.5	16.4	16.3	16.2	16.1	16.0	15.9	15.8	15.7	15.6	15.5	15.4
Automobiles	3.6	3.6	3.6	3.6	4.1	5.1	5.1	5.1	5.1	5.1	6.0	6.0
Light Trucks	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks	11.2	19.1	19.9	20.6	22.4	24.4	26.7	34.8	37.1	38.6	38.6	38.6
General Equipment	4.8	4.8	4.9	5.1	5.7	5.9	7.2	7.3	7.5	7.8	7.9	8.0
Data Handling Equipment	81.0	80.6	80.2	79.8	79.3	78.9	78.5	78.1	77.7	77.2	76.8	76.4
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	554.4	560.3	559.6	564.0	564.9	568.3	575.6	585.9	589.9	595.1	595.4	608.3
Common Plant Depreciation Expense Charged to Clearing Accounts:												
Information System	120.2	118.8	117.6	121.6	120.2	118.8	122.8	125.3	127.4	131.4	130.0	143.1
Automobiles	3.6	3.6	3.6	3.6	4.1	5.1	5.1	5.1	5.1	5.1	6.0	6.0
Light Trucks	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks	11.2	19.1	19.9	20.6	22.4	24.4	26.7	34.8	37.1	38.6	38.6	38.6
General Equipment	4.8	4.8	4.9	5.1	5.7	5.9	7.2	7.3	7.5	7.8	7.9	8.0
Total	157.1	163.6	163.3	168.2	169.7	171.5	179.1	189.8	194.4	200.2	199.8	213.0
Common Plant Depreciation Expense Allocated:												
Unallocated @ 70.75%	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant - Amortizations @ 75.97%												
CIMS	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4
Retail Access Ph 3 & 4	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Plant Field Order Route Design	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Software New Bus Proj Management	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Software Data Pipe	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Blue Hill	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total Amortizations	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0
Office Buildings @ 70.75%	54.7	54.6	54.7	54.7	54.7	56.2	56.3	56.4	56.3	56.3	57.2	57.3
Office Furniture @ 70.75%	11.7	11.6	11.5	11.5	11.4	11.3	11.2	11.2	11.1	11.0	11.0	10.9
Data Handling Equipment @ 70.75%	57.3	57.0	56.7	56.5	56.1	55.8	55.5	55.3	55.0	54.6	54.3	54.1
Easements @ 70.75%	-	-	-	-	-	-	-	-	-	-	-	-
Total Common Depreciation Allocated	292.7	292.2	291.9	291.7	291.2	292.3	292.0	291.9	291.4	290.9	291.5	291.3
Total Electric Depreciation On Income Statemen	1,598.2	1,602.3	1,605.6	1,610.6	1,613.8	1,650.8	1,654.1	1,659.5	1,664.9	1,670.2	1,674.1	1,678.6
Total Common Depreciation Alloc On Income St.	292.7	292.2	291.9	291.7	291.2	292.3	292.0	291.9	291.4	290.9	291.5	291.3
Total Electric Depreciation On Income Stat	1,890.9	1,894.5	1,897.5	1,902.3	1,905.0	1,943.1	1,946.1	1,951.4	1,956.3	1,961.1	1,965.6	1,969.9
12 Months Ended Dec. 2007												23,183.7

ORANGE AND ROCKLAND UTILITIES, INC.
TAXES OTHER THAN INCOME TAXES - ELECTRIC
FOR THE TWELVE MONTHS ENDED JUNE 30, 2006 &
DECEMBER 31, 2007
($000s)

PROPERTY TAXES:	TWELVE MONTHS ENDED 6/30/06 PER BOOKS	EARNINGS TEST NORMALIZING REF.	EARNINGS TEST NORMALIZING AMOUNT	TWELVE MONTHS ENDED 6/30/06 AS ADJUSTED	RATE CASE REF.	RATE CASE AMOUNT	RATE YEAR AS ADJUSTED	PROPOSED RATE INCREASE	RATE YEAR AS ADJUSTED FOR PROPOSED RATE INCREASE
STATE, COUNTY & TOWN	$ 5,276		$ -	$ 5,276		$ (430)	$ 4,846		$ 4,846
VILLAGE	1,290		-	1,290		(41)	1,249		1,249
SCHOOL	12,840		-	12,840		(2,091)	10,749		10,749
TOTAL PROPERTY TAXES	19,406		-	19,406		(2,562)	16,844	-	16,844
PROPERTY TAX OVER / (UNDER) COLLECTIONS									
CASE 03-E-0797									
STATE, COUNTY & TOWN	324		-	324		(324)	-		-
VILLAGE	110		-	110		(110)	-		-
SCHOOL	1,960		-	1,960		(1,960)	-		-
AMORT DEF. OVER RECOVERIES (182439/254439)	-		-	-	E-4, Sch 3	(5,279)	(5,279)		(5,279)
TOTAL PROPERTY TAXES	2,394		-	2,394		(7,673)	(5,279)	-	(5,279)
PROPERTY TAX (REFUNDS)									
STATE, COUNTY & TOWN	(40)		40	-		-	-		-
VILLAGE	(7)		7	-		-	-		-
SCHOOL	(176)		176	-		-	-		-
AMORT OF REFUNDS	-		-	-	E-4, Sch 3	(3,334)	(3,334)		(3,334)
TOTAL PROPERTY TAXES	(223)		223	-		(3,334)	(3,334)	-	(3,334)
TOTAL PROPERTY TAXES	21,577		223	21,800		(13,569)	8,231	-	8,231
PAYROLL TAXES	2,466		-	2,466		95	2,561		2,561
REVENUE TAXES - SALES REVENUE	3,295		-	3,295		1,274	4,569	-	4,569
- REGULATORY SURCHARGE	-		-	-	E-4, Sch 3	380	380	-	380
OTHER TAXES:									
SALES & USE TAX	(7)		-	(7)		7	-		-
OTHER TAXES	(7)		-	(7)		7	-	-	-
TOTAL TAXES OTHER THAN INCOME TAX	27,331		223	27,554		(11,813)	15,741	-	15,741
TOTAL TAXES OTHER EXCL. REVENUE TAXES	24,036		223	24,259		(13,467)	10,792	-	10,792

EXHIBIT E-4
SCHEDULE 8

ORANGE AND ROCKLAND UTILITIES, INC.
STATE INCOME TAX - ELECTRIC
FOR THE TWELVE MONTHS ENDED JUNE 30, 2006 &
DECEMBER 31, 2007
($000s)

	TWELVE MONTHS ENDED 6/30/06 PER BOOKS	NORMALIZING ADJUSTMENTS (Schedule 7)	TWELVE MONTHS ENDED 6/30/06 AS ADJUSTED	RATE CASE ADJUSTMENTS (Schedule 7)	RATE YEAR AS ADJUSTED	PROPOSED RATE INCREASE	RATE YEAR AS ADJUSTED FOR PROPOSED RATE INCREASE
OPERATING INCOME BEFORE TAX	$ 51,487	$ 4,315	$ 55,802	$ (735)	$ 55,067	$ -	$ 55,067
PERMANENT DIFFERENCES							
ADD ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:							
UNALLOWABLE BUSINESS EXPENSE	43	-	43	9	51	-	51
NON TAXIBLE INCOME, UNALLOWABLE DEDUCTIONS	415	-	415	-	415	-	415
TOTAL FLOW THRU ADDITIONS	457	-	457	9	466	-	466
DEDUCT NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:							
INTEREST EXPENSE	14,217	(1,915)	12,302	1,737	14,039	-	14,039
MEDICARE REIMBURSEMENT	1,449	-	1,449	-	1,449	-	1,449
TOTAL FLOW THRU DEDUCTIONS	15,666	(1,915)	13,751	1,737	15,488	-	15,488
PRETAX INCOME	36,279	6,230	42,509	(2,463)	40,045	-	40,045
SECTION I - NORMALIZED ITEMS							
ADD ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:							
BOOK DEPRECIATION - CHARGED TO EXPENSE	22,045	-	22,045	1,139	23,184	-	23,184
- CHARGED TO CLEARING ACCTS.	1,200	-	1,200	298	1,498	-	1,498
CAPITALIZED INTEREST	905	-	905	384	1,289	-	1,289
GENERAL LIABILITY INSURANCE	(364)	-	(364)	364	-	-	-
WORKMEN'S COMPENSATION	(284)	-	(284)	284	-	-	-
AUTO LIABILITY INSURANCE	(2)	-	(2)	2	-	-	-
TOTAL NORMALIZED ADDITIONS	23,501	-	23,501	2,470	25,971	-	25,971
DEDUCT NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:							
NYS TAX DEPRECIATION - EXISTING BOOK RATES	29,555	-	29,555	7,278	36,833	-	36,833
COST OF REMOVAL	2,037	-	2,037	(1,282)	755	-	755
LIEN DATE PROPERTY TAX DEDUCTION	(301)	-	(301)	403	102	-	102
AFUDC	684	-	684	(684)	-	-	-
LOSS ON DISPOSITION OF PROPERTY	719	-	719	125	844	-	844
TOTAL	32,695	-	32,695	5,840	38,535	-	38,535
SECTION II - NORMALIZED ITEMS							
ADD: ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:							
MEDICARE REIMBURSEMENT	1,519	-	1,519	(1,519)	-	-	-
POST EMPLOYMENT BENEFITS CAPIT. / EXP. (FASB 106)	1,318	-	1,318	11,017	12,335	-	12,335
RESERVE FOR MEDICAL INSURANCE	510	-	510	(510)	-	-	-
CONTRIBUTIONS IN AID OF CONSTRUCTION	1,375	-	1,375	-	1,375	-	1,375
CONTRIBUTIONS IN AID OF CONST. - REFUNDABLES	(23)	-	(23)	-	(23)	-	(23)
INCREASE IN DEFERRED FUEL COST	19,518	(7,448)	12,070	(14,521)	(2,451)	-	(2,451)
ENVIRONMENTAL RESERVE	112	-	112	-	112	-	112
SUPPLEMENTAL PENSION - NONQUALIFIED	951	-	951	-	951	-	951
REVENUE SUBJECT TO REFUND	5,809	-	5,809	(5,809)	-	-	-
UNALLOWABLE BOOK PENSION EXPENSE	8,023	-	8,023	10,792	18,815	-	18,815
SIT REFUND INTEREST	(1)	-	(1)	1	-	-	-
PROPERTY TAX REFUND - NET 461H	2,522	(2,522)	-	-	-	-	-
TOTAL	41,633	(9,970)	31,663	(549)	31,114	-	31,114
DEDUCT: NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:							
R&D EXPENSE DEBITED TO RESERVE	526	-	526	(1,476)	(950)	-	(950)
OPEB FUNDING	7,075	-	7,075	153	7,228	-	7,228
COMPETITIVE ENHACEMENT FUNDS	17	-	17	(17)	-	-	-
MTA TAX DEFERRED	(479)	479	-	-	-	-	-
ENVIRONMENTAL COST - QER EXPEND. SECTION 198	5,270	-	5,270	-	5,270	-	5,270
STORM DAMAGE DEFERRED ON BOOKS	3,351	-	3,351	(6,232)	(2,881)	-	(2,881)
PENSION FUNDING	16,269	-	16,269	2,484	18,753	-	18,753
CONSERVATION/ DSM/ LCAPS	507	-	507	416	923	-	923
AMORTIZATION - CIAC PYRAMID MALL	120	-	120	(120)	-	-	-
STRAY VOLTAGE	1,827	-	1,827	(4,376)	(2,549)	-	(2,549)
CHANGE OF ACCOUNTING- SEC 263A ADJ	(4,418)	-	(4,418)	-	(4,418)	-	(4,418)
SOFTWARE COST - DEVELOPED CIMS- PLUS - WALKER	1,998	-	1,998	31	2,029	-	2,029
TOTAL	32,063	479	32,542	(9,137)	23,405	-	23,405
TAXABLE INCOME OR (LOSS)	36,655	(4,219)	32,436	2,755	35,191	0	35,191
SUMMARY OF STATE INCOME TAXES							
CURRENT STATE INCOME TAXES @ 7.5%	2,749	(316)	2,433	207	2,639	-	2,639
DEFERRED STATE INCOME TAXES @ 7.5%	(28)	783	755	(392)	364	-	364
TOTAL SIT (excl MTA)	2,721	467	3,188	(185)	3,003	-	3,003
MTA TAX @1.53%	561	-	561	(561)	-	-	-
DEFERRED STATE MTA TAXES @ 1.53%	(6)	-	(6)	6	-	-	-
NYS INCOME TAX	3,276	467	3,743	(740)	3,003	-	3,003
PRIOR PERIOD OVER / UNDER ACCRUAL	(320)	-	(320)	320	-	-	-
NYS INCOME TAX PER BOOKS	$ 2,956	$ 467	$ 3,423	$ (420)	$ 3,003	$ -	$ 3,003
(Incr.) / Decr. to Rate Base - Change in Deferred SIT	$ (28)	$ 783	$ 755	$ (392)	$ 364	$ -	$ 364
- FIT on SIT	10	(274)	(264)	137	(127)	-	(127)
Net Rate Base (Increase) / Decrease	$ (18)	$ 509	$ 491	$ (255)	$ 237	$ -	$ 237

EXHIBIT E-4
SCHEDULE 9

ORANGE AND ROCKLAND UTILITIES, INC.
FEDERAL INCOME TAX - ELECTRIC
FOR THE TWELVE MONTHS ENDED JUNE 30, 2006 &
DECEMBER 31, 2007
($000s)

	TWELVE MONTHS ENDED 6/30/06 PER BOOKS	NORMALIZING ADJUSTMENTS (Schedule 7)	TWELVE MONTHS ENDED 6/30/05 AS ADJUSTED	RATE CASE ADJUSTMENTS (Schedule 7)	RATE YEAR AS ADJUSTED	PROPOSED RATE INCREASE	RATE YEAR AS ADJUSTED FOR PROPOSED RATE INCREASE
OPERATING INCOME BEFORE TAX	$ 51,487	$ 4,315	$ 55,802	$ (735)	$ 55,067	$ -	$ 55,067
NYS INCOME TAX	2,956	467	3,423	(420)	3,003	-	3,003
BOOK INCOME BEFORE FIT	48,531	3,848	52,379	(315)	52,064	-	52,064
SECTION I - FLOW THRU ITEMS							
ADD ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:							
BOOK DEPRECIATION - CHARGED TO EXPENSE	22,045	-	22,045	1,139	23,184	-	23,184
- CHARGED TO CLEARING ACCTS.	1,200	-	1,200	298	1,498	-	1,498
CAPITALIZED INTEREST	905	-	905	384	1,289	-	1,289
GENERAL LIABILITY INSURANCE	(364)	-	(364)	364	-	-	-
WORKMEN'S COMPENSATION	(284)	-	(284)	284	-	-	-
AUTO LIABILITY INSURANCE	(2)	-	(2)	2	-	-	-
UNALLOWABLE BUSINESS EXPENSE	43	-	43	9	51	-	51
UNALLOWABLE COMPENSATION	415	-	415	-	415	-	415
TOTAL FLOW THRU ADDITIONS	23,958	-	23,958	2,479	26,437	-	26,437
DEDUCT NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:							
INTEREST EXPENSE	14,217	(1,915)	12,302	1,737	14,039	-	14,039
STATUTORY DEPRECIATION	20,160	-	20,160	1,150	21,310	-	21,310
COST OF REMOVAL	2,037	-	2,037	(1,282)	756	-	756
MEDICARE REIMBURSEMENT	1,449	-	1,449	-	1,449	-	1,449
LIEN DATE PROPERTY TAX DEDUCTION	(301)	-	(301)	403	102	-	102
AFUDC	684	-	684	(684)	-	-	-
LOSS ON DISPOSITION OF PROPERTY	719	-	719	125	844	-	844
TOTAL FLOW THRU DEDUCTIONS	38,965	(1,915)	37,050	1,449	38,499	-	38,499
PRETAX INCOME	33,524	5,763	39,287	715	40,002	-	40,002
SECTION II - NORMALIZED ITEMS							
ADD ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:							
INCREASE IN DEFERRED FUEL COST	19,518	-	19,518	(14,521)	(2,451)	-	(2,451)
MEDICARE REIMBURSEMENT	1,519	-	1,519	(1,519)	-	-	-
AMORTIZATION OF BOND REDEMPTION COST	154	-	154	-	154	-	154
POST EMPLOYMENT BENEFITS EXPENSE	1,318	-	1,318	11,017	12,335	-	12,335
RESERVE FOR MEDICAL INSURANCE	510	-	510	(510)	-	-	-
DEFERRED STATE INCOME TAX NON DEDUCTIBLE	(34)	783	749	(386)	364	-	364
CONTRIBUTIONS IN AID OF CONSTRUCTION	1,374	-	1,374	-	1,374	-	1,374
CONTRIBUTIONS IN AID OF CONST. - REFUNDABLES	(23)	-	(23)	-	(23)	-	(23)
ENVIRONMENTAL RESERVE	112	-	112	-	112	-	112
BOOK AMORTIZATION COMPUTER SOFTWARE	2,846	-	2,846	(2,223)	623	-	623
REVENUE SUBJECT TO REFUND	5,809	-	5,809	(5,809)	-	-	-
UNALLOWABLE BOOK PENSION EXPENSE	8,023	-	8,023	10,792	18,815	-	18,815
SUPPLEMENTAL PENSION - NONQUALIFIED	951	-	951	(951)	-	-	-
EXCESS BOOK OVER TAX DEPR. - B.H.	(18)	-	(18)	-	(18)	-	(18)
SIT REFUND INTEREST	(1)	-	(1)	1	-	-	-
PROPERTY TAX REFUND	2,522	-	2,522	(2,522)	-	-	-
TOTAL NORMALIZED ADDTIONS	44,581	783	45,364	(6,631)	31,287	-	31,287
DEDUCT NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:							
TAX DEPRECIATION (NORM) - ADR/ACRS/MACRS	5,196	-	5,196	1,812	7,008	-	7,008
PENSION FUNDING	16,269	-	16,269	2,484	18,753	-	18,753
OPEB FUNDING	7,075	-	7,075	153	7,228	-	7,228
R&D EXPENSE DEBITED TO RESERVE	526	-	526	(1,476)	(950)	-	(950)
COMPETITIVE ENCHACEMENTS FUNDS	17	-	17	(17)	-	-	-
EXCESS TAX DEPR. OVER VEH. LEASE EXP.	(282)	-	(282)	(123)	(405)	-	(405)
MTA TAX DEFERRED	(479)	479	-	-	-	-	-
ENVIRONMENTAL COST - QER EXPEND. SECT. 198	5,270	-	5,270	-	5,270	-	5,270
CONSERVATION/ DSM/ LCAPS	507	-	507	416	923	-	923
AMORTIZATION - CIAC PYRAMID MALL	120	-	120	(120)	-	-	-
STRAY VOLTAGE	1,827	-	1,827	(4,376)	(2,549)	-	(2,549)
STORM DAMAGE DEFERRED ON BOOKS	3,351	-	3,351.	(3,351)	-	-	-
SOFTWARE COST - DEVELOPED CIM S- PLUS - WALKER	1,998	-	1,998	31	2,029	-	2,029
CHANGE OF ACCOUNTING- SEC 263A ADJ	(4,418)	-	(4,418)	-	(4,418)	-	(4,418)
TOTAL	36,978	479	37,457	(4,567)	32,890	-	32,890
TAXABLE INCOME OR (LOSS)	41,126	6,067	47,193	(1,348)	38,399	-	38,399
SUMMARY OF FEDERAL INCOME TAXES							
CURRENT FEDERAL INCOME TAXES	14,394	2,124	16,518	(472)	13,440	-	13,440
DEFERRED FEDERAL INCOME TAXES	(2,661)	(106)	(2,767)	722	561	-	561
AMORTIZATION OF DEFERRED FIT - SECTION 263A	(430)	-	(430)	(63)	(493)	-	(493)
TOTAL CURRENT PERIOD FIT	11,303	2,018	13,321	187	13,508	-	13,508
PRIOR YEARS (OVER)/UNDER ACCRUAL	(1,036)	-	(1,036)	1,036	-	-	-
FEDERAL INCOME TAX EXPENSE	10,267	2,018	12,285	1,223	13,508	-	13,508
(INCR.) / DECR. TO RATE BASE - CHANGE IN DEF. FIT - DEI	$ 174	$ -	$ 174	$ 591	$ 765	$ -	$ 765
AMORTIZATON OF DEFERRED FIT	(430)	-	(430)	(63)	(493)	-	(493)
AMORTIZATON OF DEFERRED ITC	(242)	-	(242)	30	(212)	-	(212)
NET RATE BASE (INCREASE)/ DECREASE	$ (498)	$ -	$ (498)	$ 558	$ 60	$ -	$ 60

EXHIBIT E-4
SCHEDULE 10

ORANGE AND ROCKLAND UTILITIES, INC.
INTEREST EXPENSE - ELECTRIC
FOR THE TWELVE MONTHS ENDED JUNE 30, 2006 &
DECEMBER 31, 2007

	June 30, 2006	December 31, 2007
Average Earnings Base	$370,146	$436,503
(+) Interest Bearing CWIP	3,344	3,344
Total	373,490	439,847
Interest Cost Factor (LTD + STD + Customer Deposits)	3.30%	3.19%
Allowable Interest Expense Calculated From Rate Base	$12,325	$14,039

ORANGE AND ROCKLAND UTILITIES, INC.

Electric Operations
Fund Requirements and Sources
For the Twelve Months Ended December 31, 2007
($000's)

		Amount
Sources of Funds:		
Internal		
Operating Income - Electric	$	38,556
Dividends - Electric		(20,000)
Book Depreciation		24,682
Deferred Fuel		(2,451)
Amortizations (Net of Deferrals)		8,681
Deferred Income Taxes - Federal & State		(2,174)
All Other		1,406
Total Internal Sources of Funds		48,700
External		
Long Term Debt (Electric)		42,000
Common Stock (Electric)		14,000
Total External Sources of Funds		56,000
Total Sources	$	104,700
Application of Funds:		
Construction Expenditures (Net of AFUDC)	$	62,700
Short Term Debt		42,000
Total Application of Funds	$	104,700

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Exhibit E-5

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF SCHEDULES

Electric Operating Expenses

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Functional Distribution
($000s)

EXHIBIT E-5
SUMMARY

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	259,407	39	(10,060)	56	0	0	249,442
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	259,407	39	(10,060)	56	0	0	249,442
Transmission							
Operation	2,631	94	158	137	100	0	3,120
Maintenance	1,961	12	44	17	58	0	2,092
Joint Expense	0	0	0	0	0	0	0
Total	4,592	106	202	154	159	0	5,213
Distribution							
Operation	11,137	270	304	390	124	0	12,225
Maintenance	19,090	365	24,831	528	574	0	45,388
Joint Expense	0	0	0	0	0	0	0
Total	30,227	635	25,135	918	698	0	57,613
Customer Accounts	13,334	238	411	345	159	(17)	14,470
Customer Service	7,433	58	(1,080)	84	33	0	6,528
Sales Promotion	8	0	0	0	0	0	8
Administrative & General							
Operation	35,482	211	26,864	515	357	586	64,014
Maintenance	306	2	0	2	9	0	319
Joint Expense	0	0	0	0	0	0	0
Total	35,788	213	26,864	517	366	586	64,333
Total Electric Operating Expenses	350,789	1,289	41,472	2,074	1,415	569	397,607

ORANGE AND ROCKLAND UTILITIES, INC.
Functional Distribution
($000s)

	TWELVE MONTHS ENDED						
Operating Expenses	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Sch. 1 - Purchased Power Costs	255,453	0	(9,494)	0	0	0	245,959
Sch. 2 - Direct Labor (Excl. Shared Services)	37,334	1,289	379	1,864	0	0	40,866
Sch. 3 - Shared Services	8,836	0	0	161	78	139	9,214
Sch. 4 - Employee and Other Insurance Costs	7,091	0	1,279	0	98	447	8,915
Sch. 5 - Regulatory Costs and Amortizations	4,791	0	5,684	0	93	0	10,568
Sch. 6- Pensions and OPEBS	9,518	0	23,162	49	0	0	32,729
Sch. 7 - Uncollectible Accounts	2,104	0	341	0	0	(17)	2,428
Sch. 8 - MGP Sites & West Nyack Environmental Costs	0	0	19,080	0	207	0	19,287
Sch. 9 - Tree Trimming / T&D O&M	14,202	0	604	0	520	0	15,326
Sch. 10 - Regulatory Commission Expenses	1,101	0	0	0	39	0	1,140
Sch. 11 - Other O&M Costs							
Advertising	480	0	0	0	17	0	497
Information Technology Solutions	2,203	0	225	0	85	0	2,513
Legal & Other Professional Services	189	0	212	0	14	0	415
Rents	1,000	0	0	0	35	0	1,035
Materials and Supplies	1,020	0	0	0	36	0	1,056
Corporate Fiscal	987	0	0	0	35	0	1,022
Other O&M	4,480	0	0	0	158	0	4,638
Total Other O&M	10,359	0	437	0	380	0	11,176
Total Operating Expenses	350,789	1,289	41,472	2,074	1,415	569	397,608

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Purchased Power Costs
($000s)

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	258,283	0	(9,494)	0	0	0	248,789
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	258,283	0	(9,494)	0	0	0	248,789
Transmission							
Operation	(2,830)	0	0	0	0	0	(2,830)
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	(2,830)	0	0	0	0	0	(2,830)
Distribution							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Customer Accounts	0	0	0	0	0	0	0
Customer Service	0	0	0	0	0	0	0
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Total Electric Operating Expenses	255,453	0	(9,494)	0	0	0	245,959

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Purchased Power Costs
($000s)

ITEM	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	TWELVE MONTHS ENDED 12/31/07
Purchsed Power Expense	243,594	0	5,027	0	0	0	248,621
Borderline Purchases (NYSEG / CHGE)	55	0	0	0	0	0	55
ISO Capacity Purchases	1,648	0	0	0	0	0	1,648
Transmission Congestion Purchases	393	0	0	0	0	0	393
Load Dispatching Costs	523	0	0	0	0	0	523
Transmission Congestion Credits	(2,830)	0	0	0	0	0	(2,830)
Deferred Purchased Gas Expense	12,070	0	(14,521)	0	0	0	(2,451)
Total	255,453	0	(9,494)	0	0	0	245,959

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Direct Labor
($000s)

EXHIBIT E-5
SCHEDULE 2

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	1,124	39	11	56	0	0	1,230
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	1,124	39	11	56	0	0	1,230
Transmission							
Operation	2,729	94	28	137	0	0	2,988
Maintenance	341	12	3	17	0	0	373
Joint Expense	0	0	0	0	0	0	0
Total	3,070	106	31	154	0	0	3,361
Distribution							
Operation	7,816	270	80	390	0	0	8,556
Maintenance	10,578	365	108	528	0	0	11,579
Joint Expense	0	0	0	0	0	0	0
Total	18,394	635	188	918	0	0	20,135
Customer Accounts	6,906	238	70	345	0	0	7,559
Customer Service	1,683	58	17	84	0	0	1,842
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	6,109	211	62	305	0	0	6,687
Maintenance	48	2	0	2	0	0	52
Joint Expense	0	0	0	0	0	0	0
Total	6,157	213	62	307	0	0	6,739
Total Electric Operating Expenses	37,334	1,289	379	1,864	0	0	40,866

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Direct Labor
($000s)

EXHIBIT E-5
SCHEDULE 2
PAGE 2 of 2

ITEM	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
	TWELVE MONTHS ENDED						
Total Corporate							
Weekly (Incl. P/T & Temps.)	56,029	113	380	2,763	0	0	59,284
Monthly	39,307	3,175	0	1,983	0	0	44,465
Total	95,336	3,287	380	4,746	0	0	103,749
Distribution							
Electric Expense	37,334	1,287	380	1,863	0	0	40,864
Gas Expense	18,729	646	0	931	0	0	20,305
Construction	13,908	480	0	691	0	0	15,079
Subsidiary Companies	13,750	474	0	683	0	0	14,907
All Other	11,615	401	0	577	0	0	12,593
Total	95,336	3,287	380	4,746	0	0	103,749

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Shared Services
($000s)

EXHIBIT E-5
SCHEDULE 3
PAGE 1 of 2

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	0			0	0	0	0
Maintenance	0			0	0	0	0
Joint Expense	0			0	0	0	0
Total	0	0	0	0	0	0	0
Transmission							
Operation	0			0	0	0	0
Maintenance	0			0	0	0	0
Joint Expense	0			0	0	0	0
Total	0	0	0	0	0	0	0
Distribution							
Operation	0			0	0	0	0
Maintenance	0			0	0	0	0
Joint Expense	0			0	0	0	0
Total	0	0	0	0	0	0	0
Customer Accounts	0	0	0	0	0	0	0
Customer Service	0	0	0	0	0	0	0
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	8,836	0	0	161	78	139	9,214
Maintenance	0			0	0	0	0
Joint Expense	0			0	0	0	0
Total	8,836	0	0	161	78	139	9,214
Total Electric Operating Expenses	8,836	0	0	161	78	139	9,214

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Shared Services
($000s)

EXHIBIT E-5
SCHEDULE 3
PAGE 2 of 2

ITEM	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	TWELVE MONTHS ENDED 12/31/07
Total Corporate							
Allocated:							
Labor	7,058	0	0	338	0	0	7,396
Expense	2,569	0	0	0	90	0	2,659
Fringes	6,825	0	0	0	0	291	7,116
Direct Expense	2,090	0	0	0	74	0	2,164
Total	18,542	0	0	338	164	291	19,335
O&R Electric							
Allocated:							
Labor	3,363	0	0	161	0	0	3,525
Expense	1,224	0	0	0	43	0	1,267
Fringes	3,252	0	0	0	0	139	3,391
Direct Expense	996	0	0	0	35	0	1,031
Total	8,836	0	0	161	78	139	9,214

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Employee & Other Insurance Costs
($000s)

EXHIBIT E-5
SCHEDULE 4
PAGE 1 of 2

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Transmission							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Distribution							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Customer Accounts	0	0	0	0	0	0	0
Customer Service	0	0	0	0	0	0	0
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	7,091	0	1,279	0	98	447	8,915
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	7,091	0	1,279	0	98	447	8,915
Total Electric Operating Expenses	7,091	0	1,279	0	98	447	8,915

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Employee & Other Insurance Costs
($000s)

EXHIBIT E-5
SCHEDULE 4

	TWELVE MONTHS ENDED						
O&R Gas Expense	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Health and Life Insurance Costs	7,972	0	0	0	0	638	8,610
Capitalized & Recovered Benefit Costs	(3,199)	0	0	0	0	(256)	(3,455)
Other Employee Benefit Costs	1,687	0	0	0	59	0	1,746
Property Insurance	164	0	0	0	6	0	170
General Liability	(349)	0	1,279	0	33	0	963
Workmen's Compensation	1,230	0	0	0	0	98	1,328
Capitalized & Recovered Workers Comp	(414)	0	0	0	0	(33)	(447)
Total	7,091	0	1,279	0	98	447	8,915

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Regulatory Costs and Amortizations
($000s)

EXHIBIT E-5
SCHEDULE 5
PAGE 1 of 2

Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	TWELVE MONTHS ENDED 12/31/07
Production & Purchases							
Operation	0	0	(577)	0	0	0	(577)
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	(577)	0	0	0	(577)
Transmission							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Distribution							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	5,434	0	60	0	5,494
Joint Expense	0	0	0	0	0	0	0
Total	0	0	5,434	0	60	0	5,494
Customer Accounts	0	0	0	0	0	0	0
Customer Service	4,808	0	(1,097)	0	0	0	3,711
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	(17)	0	1,924	0	34	0	1,941
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	(17)	0	1,924	0	34	0	1,941
Total Electric Operating Expenses	4,791	0	5,684	0	93	0	10,568

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Regulatory Costs and Amortizations
($000s)

	TWELVE MONTHS ENDED						
O&R Gas Expense	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Research and Development Deferrals (188100) (Three Year Amortization of Def Balance)	(17)	0	967	0	0	0	950
Research and Development Current Spending	0	0	957	0	34	0	991
System Benefit Charge (182425) (Offset in revenues - Separate Surcharge)	4,808	0	(174)	0	0	0	4,634
Stray Votage Program (182485) (Netting of Deferrals)	0	0	2,549	0	0	0	2,549
Stray Votage Program - Current Spending	0	0	1,699	0	60	0	1,759
Storm Reserve (182373) (Netting of Deferrals)	0	0	2,881	0	0	0	2,881
Deferred 1st Installed Transformers (Netting of Deferrals)	0	0	(1,695)	0	0	0	(1,695)
Oil Supplier Refunds (253151 / 253064) (Netting of Deferrals)	0	0	(577)	0	0	0	(577)
DSM Overrecoveries (254401) (Netting of Deferrals)	0	0	(923)	0	0	0	(923)
Total	4,791	0	5,684	0	93	0	10,568

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Pension and OPEBS
($000s)

EXHIBIT E-5
SCHEDULE 6
PAGE 1 of 2

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Transmission							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Distribution							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Customer Accounts	0	0	0	0	0	0	0
Customer Service	0	0	0	0	0	0	0
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	9,518	0	23,162	49	0	0	32,729
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	9,518	0	23,162	49	0	0	32,729
Total Electric Operating Expenses	9,518	0	23,162	49	0	0	32,729

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Pension and OPEBS
(000s)

	TWELVE MONTHS ENDED						
ITEM	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
FAS 87 Pension Costs - Qualified Plan	17,285	0	771	0	0	0	18,056
Capitalized / Recovered Costs	(4,092)	0	730	0	0	0	(3,362)
Subtotal	13,193	0	1,501	0	0	0	14,694
Pension Deferral	(9,261)	0	9,261	0	0	0	0
Amort. Of Deferred Pension Costs (3 Yrs)	-	0	4,121	0	0	0	4,121
Net Qualified Pension Costs	3,932	0	14,883	0	0	0	18,815
Supplemental Pension Expense	1,242	0	63	0	0	0	1,305
TOLI Expenses	307	0	10	0	0	0	317
401K Contributions	1,020	0	0	49	0	0	1,069
Total Pension Expense	6,501	0	14,956	49	0	0	21,506
FAS 106 OPEB Costs	9,431	0	386	0	0	0	9,817
Pay-As-You-Go	(1,761)	0	(53)	0	0	0	(1,814)
Capitalized / Recovered Costs	(2,620)	0	414	0	0	0	(2,206)
Subtotal	5,050	0	747	0	0	0	5,797
OPEB Deferral	(4,811)	0	4,811	0	0	0	0
Amort. Of Transitional Obligation	1,817	0	0	0	0	0	1,817
Amort. Of Deferred OPEB Costs (5 Yrs)	-	0	4,721	0	0	0	4,721
Net Qualified Pension Costs	2,056	0	10,279	0	0	0	12,335
Medicare Part D Tax Benefit - Deferral	961	0	(961)	0	0	0	0
- Amortization	-	0	(1,112)	0	0	0	(1,112)
Total OPEB Expense	3,017	0	8,206	0	0	0	11,223
Total	9,518	0	23,162	49	0	0	32,729

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Uncollectible Costs
($000s)

EXHIBIT E-5
SCHEDULE 7
PAGE 1 of 2

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Transmission							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Distribution							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Customer Accounts	2,104	0	341	0	0	(17)	2,428
Customer Service	0	0	0	0	0	0	0
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Total Electric Operating Expenses	2,104	0	341	0	0	(17)	2,428

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Uncollectible Costs
($000s)

	TWELVE MONTHS ENDED							
	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Rate Year As Adjusted	Labor Escalation	General Escalation	Other Escalation	12/31/07
Customer Uncollectables	2,100	0	(97)	2,003	0	0	(17)	1,986
Customer Uncollectables - Reg Surcharge	0	0	165	165	0	0	0	165
Marketer Billing Adjustments	(182)	0	182	0	0	0	0	0
Sundry Uncollectables	186	0	91	277	0	0	0	277
Uncollectible Account Expense	2,104	0	341	2,445	0	0	(17)	2,428
Net Uncollectible Write-Offs (3 Yr Avg)	5,331							
Sales to Customers (3Yr Total)	1,108,154							
Percent	0.48%							

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
MGP Sites & Other Environmental Costs
($000s)

EXHIBIT E-5
SCHEDULE 8
PAGE 1 of 2

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Transmission							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Distribution							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	19,080	0	207	0	19,287
Joint Expense	0	0	0	0	0	0	0
Total	0	0	19,080	0	207	0	19,287
Customer Accounts	0	0	0	0	0	0	0
Customer Service	0	0	0	0	0	0	0
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Total Electric Operating Expenses	0	0	19,080	0	207	0	19,287

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
MGP Sites & Other Environmental Costs
($000s)

	TWELVE MONTHS ENDED						
ITEM	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Amortization of Site Investigation and Remediation Costs:							
MGP Sites - Recovery of Deferrals (182376/ (Netting of Deferrals)	0	0	12,739	0	0	0	12,739
MGP Sites - 2007 Spending	0	0	5,589	0	197	0	5,786
West Nyack & Other Enviromental Sites (Netting of Deferrals)	0	0	452	0	0	0	452
West Nyack 2007 - Estimated Spending	0	0	200	0	7	0	207
Other Environmental Sites	0	0	100	0	4	0	104
Total	0	0	19,080	0	207	0	19,287

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Tree Trimmng / Other T&D O&M
($000s)

TWELVE MONTHS ENDED

Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Transmission							
Operation	1,788	0	130	0	67	0	1,985
Maintenance	1,466	0	41	0	53	0	1,560
Joint Expense	0	0	0	0	0	0	0
Total	3,254	0	171	0	120	0	3,545
Distribution							
Operation	3,085	0	224	0	116	0	3,425
Maintenance	7,863	0	209	0	284	0	8,356
Joint Expense	0	0	0	0	0	0	0
Total	10,948	0	433	0	400	0	11,781
Customer Accounts	0	0	0	0	0	0	0
Customer Service	0	0	0	0	0	0	0
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Total Electric Operating Expenses	14,202	0	604	0	520	0	15,326

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Tree Trimmng / Other T&D O&M
($000s)

ITEM	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
	TWELVE MONTHS ENDED						
Tree Trimming and Other T&D O&M Expenses							
Contractor Tree Trimming	5,880	0	0	0	207	0	6,087
Other T&D O&M	8,322	0	603	0	314	0	9,239
Total	14,202	0	603	0	521	0	15,326

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Regulatory Commission Expense
($000s)

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Transmission							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Distribution							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Customer Accounts	0	0	0	0	0	0	0
Customer Service	0	0	0	0	0	0	0
Sales Promotion	0	0	0	0	0	0	0
Administrative & General							
Operation	1,101	0	0	0	39	0	1,140
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	1,101	0	0	0	39	0	1,140
Total Electric Operating Expenses	1,101	0	0	0	39	0	1,140

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Regulatory Commission Expense
($000s)

	TWELVE MONTHS ENDED						
O&R Electric Expense	Per Books 6/30/2006	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/2007
NYSPC Assessment	1,067	0	0	0	38	0	1,104
NYS Office of Real Property	35	0	0	0	1	0	36
Total	1,101	0	0	0	39	0	1,140

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Other O&M Costs
($000s)

EXHIBIT E-5
SCHEDULE 11

	TWELVE MONTHS ENDED						
Account Group	Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
Production & Purchases							
Operation	0	0	0	0	0	0	0
Maintenance	0	0	0	0	0	0	0
Joint Expense	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Transmission							
Operation	944	0	0	0	33	0	977
Maintenance	154	0	0	0	5	0	159
Joint Expense	0	0	0	0	0	0	0
Total	1,098	0	0	0	39	0	1,137
Distribution							
Operation	236	0	0	0	8	0	244
Maintenance	649	0	0	0	23	0	672
Joint Expense	0	0	0	0	0	0	0
Total	885	0	0	0	31	0	916
Customer Accounts	4,324	0	0	0	159	0	4,483
Customer Service	942	0	0	0	33	0	975
Sales Promotion	8	0	0	0	0	0	8
Administrative & General							
Operation	2,844	0	437	0	108	0	3,390
Maintenance	258	0	0	0	9	0	267
Joint Expense	0	0	0	0	0	0	0
Total	3,102	0	437	0	118	0	3,657
Total Electric Operating Expenses	10,359	0	437	0	380	0	11,176

ORANGE AND ROCKLAND UTILITIES, INC.
Electric Operating Expenses
Other O&M Costs
($000s)

ITEM		Per Books 06/30/06	Normalizing Adjustments	Program Changes	Labor Escalation	General Escalation	Other Escalation	12/31/07
		TWELVE MONTHS ENDED						
Advertising	*	480	0	0	0	17	0	497
Information Technology Solutions	*	2,203	0	225	0	85	0	2,513
Legal & Other Professional Services	*	189	0	212	0	14	0	415
Rents	*	1,000	0	0	0	35	0	1,035
Materials and Supplies	*	1,020	0	0	0	36	0	1,056
Corporate Fiscal	*	987	0	0	0	35	0	1,022
Other Expense - Customer & Admin.	*	4,480	0	0	0	158	0	4,638
Total		10,359	0	437	0	380	0	11,176

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Exhibit E-6

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF SCHEDULES

Electric and Common Forecast Plant
Additions From July 1, 2006
Through December 31, 2009

Orange and Rockland Utilities, Inc.
Electric Rate Case
Plant Additions In Service by Project
O&R Forecast July 2006 to December 2011

Project Description	In Service Date	Jul to Dec 2006	2007	2008	2009
Electric Plant Additions:					
Blankets	Various	9,067.3	23,879.7	21,876.7	23,106.0
Regular Projects Under $1 Million	Various	8,109.3	8,712.5	5,956.7	5,249.4
Regular Projects Over $1 Million					
Electric Meters 1st Install Bkt	Various	1,116.0	-	-	-
NY Pole Parity Pole Sale - Verizon	2006 Feb	(2,352.8)	-	-	-
Silver Lakes Substation Upgrade and UG Exits	2006 May	3,790.8	-	-	-
Transmission Line 60 Upgrade	2007 May	-	9,023.3	-	-
Tallman Substation Upgrade and UG Exits	2007 May	-	6,061.4	-	-
Transmission Line 11 Upgrade Part 1	2006 Dec	4,922.1	-	-	-
Transmission Line 11 Upgrade Part 2	2008 Jun	-	-	15,364.1	-
New Little Tor Road Substation and UG Exits	2008 Aug	-	-	7,629.9	-
New Snake Hill Road Substation and UG Exits	2008 May	-	-	8,918.9	-
Monroe Substation Upgrade and UG Exits	2008 May	-	-	6,419.1	-
New Transmission Line 77A - Ramapo to Sugarloaf	2008 Dec	-	-	10,366.6	-
New Sugarloaf 138kV Substation Yard	2008 Dec	-	-	4,081.7	-
New Shoemaker 138-69kV Bank 811	2008 Dec	-	-	2,782.5	-
Port Jervis Substation Upgrade and UG Exits	2008 Dec	758.2	-	7,568.8	-
Transmission Line 18 Upgrade and Terminals	2008 Dec	-	-	1,338.1	-
New Hempstead UG Exits Replacement	2009 May	-	-	-	1,057.6
Hunt Substation Upgrade and UG Exits	2009 Jun	-	-	-	2,055.1
Sterling Forest Line 26 Transmission Tap	2009 Dec	-	-	-	2,682.4
Transmission Line 31 Upgrade	2009 Dec	-	-	-	1,564.1
New Pocatello Transmission Interconnection	2009 Dec	-	-	-	1,467.5
New Pocatello Substation and UG Exits	2009 Dec	-	-	-	6,020.4
Total Electric Plant Additions		25,410.9	47,676.9	92,303.1	43,970.8

Orange and Rockland Utilities, Inc.
Electric Rate Case
Plant Additions In Service by Project
O&R Forecast July 2006 to December 2009

Project Description	In Service Date	July to Dec 2006	2007	2008	2009
Common Plant Additions:					
Blankets	Various	2,225.1	9,049.2	6,160.9	7,160.8
Regular Projects Under $1 Million	Various	2,404.3	2,189.3	4,330.0	1,091.9
Regular Projects Over $1 Million					
ECC Generator	2007 May	-	1,264.0	-	-
Alternate Data Center	2008 May	-	-	6,514.3	-
Purchase Two Payment Processing Servers	2009 Oct	-	-	-	3,212.2
Total Common Plant Additions		4,629.5	12,502.5	17,005.1	11,464.9

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Exhibit E-7

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF SCHEDULES

Multi-Year Forecast

SCHEDULE	TITLE OF SCHEDULE	WITNESS
1	Electric Income Statement	R. A. Kane
2	Capital Structure and Earned Returns	"
3	Sales Delivery and Net Revenue Margins	"
4	Other Operating Revenues	"
5	O&M Expenses	"
6	Depreciation Calculation - Electric	"
7	Taxes Other than Income Taxes - Electric	"
8	State Income Tax Expense - Electric	"
9	Federal Income Tax Expense - Electric	"
10	Rate Base	"
11	Interest Synchronization	"

Orange & Rockland Utilities, Inc.
Electric Department
Operating Income, Rate Base & Rate of Return
($000's)

TWELVE MONTHS ENDING DECEMBER 31, 2008

	2,007 Exhibit E-4 and E-5	Sched.	Adjustments	2008	Changes	Adjusted
Operating Revenues						
Sales Revenues	$413,816	[3]	$17,931	$431,747	$0	$431,747
Surcharge for Reg. True Ups / Deferrals	34,687		-	34,687	-	34,687
Sales For Resale	28,490	[3]	919	29,409	-	29,409
Other Operating Revenues	14,607	[4]	(6,713)	7,894	-	7,894
Total Operating Revenues	491,600		12,137	503,737	0	503,737
Operating Revenue Deductions						
Purchased Power Costs	248,410		13,816	262,226	-	262,226
Deferred Purchased Power	(2,451)		2,540	89	-	89
Other Operations & Maintenance (excl. Pensions)	99,633	[5]	516	100,149	-	100,149
Pension / OPEBs	32,729	[5]	(1,439)	31,290	-	31,290
MGP	19,287	[5]	(13,051)	6,236	-	6,236
Depreciation	23,184	[6]	1,207	24,391	-	24,391
Taxes Other Than Income Taxes	15,741	[7]	8,555	24,296	-	24,296
Total Operating Revenue Deductions	436,533		12,144	448,677	0	448,677
Operating Income Before Income Taxes	55,067		(8)	55,060	0	55,060
Income Taxes						
New York State Income Taxes	3,003	[8]	(90)	2,913	0	2,913
Federal Income Tax	13,508	[9]	(302)	13,206	0	13,206
Total Income Taxes	16,511		(392)	16,119	0	16,119
Operating Income After Income Taxes	$38,556		$384	$38,941	$0	$38,941
Rate Base	459,146		37,254	496,400		496,400
EB-Cap Adjustment to Rate Base	(22,642)		-	(22,642)		(22,642)
Total Rate Base	$436,504	[10]	$37,254	$473,758		$473,758
Overall Rate of Return	8.83%			8.22%		8.22%
Rate on Equity	11.62%			10.37%		10.37%

TWELVE MONTHS ENDING DECEMBER 31, 2009

	2008	Sched.	Adjustments	2009	Changes	Adjusted
Operating Revenues						
Sales Revenues	$431,747	[3]	($13,136)	$418,611	$0	$418,611
Surcharge for Reg. True Ups / Deferrals	34,687		-	34,687	-	34,687
Sales For Resale	29,409	[3]	(276)	29,133	-	29,133
Other Operating Revenues	7,894	[4]	98	7,992	-	7,992
Total Operating Revenues	503,737		(13,314)	490,423	-	490,423
Operating Revenue Deductions						
Purchased Power Costs	262,226		(15,878)	246,348	-	246,348
Deferred Purchased Power	89		(54)	35	-	35
Other Operations & Maintenance (excl. Pensions)	100,149	[5]	2,404	102,553	-	102,553
Pension / OPEBs	31,290	[5]	(1,152)	30,138	-	30,138
MGP	6,236	[5]	137	6,374	-	6,374
Depreciation	24,391	[6]	1,549	25,940	-	25,940
Taxes Other Than Income Taxes	24,296	[7]	262	24,558	-	24,558
Total Operating Revenue Deductions	448,677		3,200	435,945	-	435,945
Operating Income Before Income Taxes	55,060		(16,514)	54,477	-	54,477
Income Taxes						
New York State Income Taxes	2,913	[8]	(1,328)	1,585	-	1,585
Federal Income Tax	13,206	[9]	(254)	12,952	-	12,952
Total Income Taxes	16,119		(1,582)	14,537	-	14,537
Operating Income After Income Taxes	$38,941		($14,932)	$39,940	$0	$39,940
Rate Base	496,400		51,898	548,298		548,298
EB-Cap Adjustment to Rate Base	(22,642)		-	(22,642)		(22,642)
Total Rate Base	$473,758	[10]	$51,898	$525,656		$525,656
Overall Rate of Return	8.22%			7.60%		7.60%
Rate on Equity	10.37%			9.09%		9.09%

Orange & Rockland Utilities, Inc.
Electric Department
Revenue Calculation
($000's)

	Twelve Months Ended December 31, 2008	2009
Rate Base (Exhibit E-6, Schedule 10)	$473,758	$525,656
Rate of Return (Exhibit-7, Schedule 1)	8.22%	7.60%
Required Return	38,941	39,940
Income Available (Exhibit E-6, Schedule 1)	38,941	39,940
Deficiency	0	0
Retention Factor	59.1%	59.1%
Additional Revenue Requirement	$0	$0

Proof		2008	2009
Revenues	100.00%	$0	$0
Less:			
Revenue Taxes	1.20%	0	0
Uncollectibles	0.48%	0	0
	98.320%	0	0
New York State Income Tax @ 7.5%	7.374%	0	0
	90.946%	0	0
Federal Income Tax @ 35%	31.831%	0	0
Retention Factor	59.115%	$0	$0

Exhibit E-7
Schedule 2

ORANGE & ROCKLAND UTILITIES, INC.
RATE OF RETURN EARNED FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2008 AND 2009
(Thousands of Dollars)

2008	CAPITAL	RATIO	WEIGHTED COST RATES	RATE OF RETURN
LONG-TERM DEBT	$ 413,736,337	49.80%	6.28%	3.13%
CUSTOMER DEPOSITS	13,983,000	1.68%	3.81%	0.06%
SUB TOTAL	427,719,337	51.49%		3.19%
COMMON EQUITY	403,001,400	48.51%	10.37%	5.03%
TOTAL CAPITALIZATION	$ 830,720,737	100.00%		8.22%

2009	CAPITAL	RATIO	WEIGHTED COST RATES	RATE OF RETURN
LONG-TERM DEBT	$ 413,736,337	49.80%	6.28%	3.13%
CUSTOMER DEPOSITS	13,983,000	1.68%	3.81%	0.06%
SUB TOTAL	427,719,337	51.49%		3.19%
COMMON EQUITY	403,001,400	48.51%	9.09%	4.41%
TOTAL CAPITALIZATION	$ 830,720,737	100.00%		7.60%

EXHIBIT E-7
SCHEDULE 3

ORANGE AND ROCKLAND UTILITIES, INC.
SALES, DELIVERIES AND NET REVENUE MARGINS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007, 2008 & 2009
($000s)

	2007	2008	2009
Delivery Revenue			
Residential	$ 100,041	$ 102,027	$ 101,643
Secondary	48,129	49,130	49,075
Primary	25,760	26,040	25,555
Lighting	4,165	4,165	4,162
Public Authority	2,286	1,904	1,897
Unbilled	372	(843)	2,276
Total	180,753	182,423	184,608
Market Supply Charge			
Residential	102,159	112,863	106,149
Secondary	52,070	57,294	54,143
Primary	62,177	60,971	51,787
Lighting	1,521	1,533	1,385
Public Authority	8,076	8,871	8,441
Unbilled	298	(1,734)	2,634
Total	226,301	239,798	224,539
Energy Cost Adjustment			
Residential	(975)	35	14
Secondary	(563)	21	8
Primary	(851)	32	13
Lighting	(23)	1	-
Public Authority	(31)	1	-
Unbilled	(8)	(1)	-
Total	(2,451)	89	35
SBC Revenue			
Residential	1,823	1,885	1,873
Secondary	1,052	1,085	1,085
Primary	1,591	1,605	1,588
Lighting	44	44	46
Public Authority	111	113	114
Unbilled	13	(23)	72
Total	4,634	4,709	4,778
Tax Recovery Revenue			
Residential	3,420	3,544	3,495
Secondary	568	607	589
Primary	499	499	445
Lighting	31	33	31
Public Authority	56	60	59
Unbilled	5	(15)	32
Total	4,579	4,728	4,651
Sales and Deliveries To Public	413,816	431,747	418,611
Intercompany Fuel & PSA Bill			
Intercompany Fuel & PSA Bill	31,936	32,855	32,579
Total	31,936	32,855	32,579
Total Revenue (excluding Surcharge)	$ 445,752	$ 464,602	$ 451,190
Current Power Costs			
MSC Costs	226,301	239,798	224,539
ECA Costs	-	-	-
Company Use Costs	1,202	1,298	1,238
Intercompany Fuel & PSA Bill	20,907	21,130	20,571
Total	248,410	262,226	246,348
Deferred Power Costs			
MSC Costs	-	-	-
ECA Costs	(2,451)	89	35
Total	(2,451)	89	35
Total Purchased Power Expense	245,959	262,315	246,383
Total Net Revenue	$ 180,753	$ 182,423	$ 184,608
Mwh Sales Excl Company Use	4,101,254	4,167,861	4,227,237
Avg Margin per Mwh	$ 0.04407	$ 0.04377	$ 0.04367
Sales for Resale	31,936	32,855	32,579
Less: Purchased Power Costs - Resales	(20,907)	(21,130)	(20,571)
Joint Use Rents (See E-4, Sched 5)	(3,446)	(3,446)	(3,446)
Power Supply Fixed Charges	(7,583)	(8,278)	(8,561)
	(0)	0	0

Orange & Rockland Utilities, Inc.
Other Operating Revenues - Electric
(Thousands of Dollars)

Line No.	Item	Rate Year 1 As Reflected in Exhibit E-4 and E-5	Subject to Inflation @ 2.30%	Rate Year 2 Adjustments	Escalation for 12 Months Ending Dec. 31, 2008	Rate Year 2 As Adjusted	Subject to Inflation @ 2.20%	Escalation for 12 Months Ending Dec. 31, 2009	Rate Year 3 As Adjusted	Line No.
	MISCELLANEOUS SERVICE & OTHER REVENUES									
1	Late Payment Charges	$ 2,136	Y		$ 49	$ 2,185	Y	$ 48	$ 2,233	1
2	Carrying Charge Joint Use Facilities	185	Y		4	189	Y	4	193	2
3	Customer Reconnect Fees	60	Y		1	61	Y	1	63	3
4	Bad Check Charge	35	Y		1	36	Y	1	37	4
	RENTS									
5	Rent from Electric Property - Pole Attachments	1,192	Y		27	1,219	Y	27	1,246	5
6	- Cell Towers	739	Y		17	756	Y	17	773	6
7	- Transformers	1	Y		-	1	Y	-	1	7
8	Intercompany Billing - Joint Use Rents	3,446	N		-	3,446	N	-	3,446	8
	REVENUE SUBJECT TO REFUND									
9	2000 S.I.T. Transitional Tax Benefits	6,973	N	(6,973)	-	-	N	-	-	9
10	Deferred SIT Rate Changes	630	N	(630)	-	-	N	-	-	10
11	Interest on IRS disallowance of SSCM Deduction	(1,472)	N	1,472	-	-	N	-	-	11
12	Accum Prov For Rate Refund: 2001 Electric Restoration Goal	97	N	(97)	-	-	N	-	-	12
13	Accum Prov For Rate Refund: 2004 Electric Restoration Goal	115	N	(115)	-	-	N	-	-	13
14	Accum Prov For Rate Refund: 2005 Electric Restoration Goal	130	N	(130)	-	-	N	-	-	14
15	Accum Prov For Rate Refund: 2006 Electric Restoration Goal	246	N	(246)	-	-	N	-	-	15
16	Accum Prov For Rate Refund: Overearnings Accrual	94	N	(94)	-	-	N	-	-	16
17	Total Other Operating Revenues	$ 14,607		$ (6,813)	$ 100	$ 7,894		$ 98	$ 7,992	17

ORANGE & ROCKLAND UTILITIES, INC.

ELECTRIC OPERATION AND MAINTENANCE EXPENSES (excl. Purchased Gas Costs)
FOR THE YEARS ENDING DECEMBER 31, 2008 AND DECEMBER 31, 2009
($000s)

LINE NO.		12 Months Ending Dec. 31, 2007	Payroll Escl. @ 3.61%	Subject to Inflation @ 2.30%	Escalation for 12 Months Ending Dec. 31, 2008	Rate Year 2 Adjustments	12 Months Ending Dec. 31, 2008	Payroll Escl. @ 3.09%	Subject to Inflation @ 2.20%	Escalation for 12 Months Ending Dec. 31, 2009	12 Months Ending Dec. 31, 2009
1	Direct Labor (Excl. Shared Services)	40,866	Y	N	1,474	-	42,340	Y	N	1,306	43,646
2	Shared Services	9,213	N	Y	212	-	9,425	N	Y	207	9,632
3	Employee and Other Insurance Costs	8,915	N	Y	205	-	9,120	N	Y	201	9,321
4	Regulatory Costs and Amortizations:										
	- Amort. Research and Development Deferrals	950	N	N	-	-	950	N	N	-	950
	- Research and Development Current Spending	991	N	Y	23	-	1,014	N	Y	22	1,036
	- System Benefit Charge	4,634	N	N	-	75	4,709	N	N	69	4,778
	- Amort. Stray Voltage Program	2,549	N	N	-	(2,549)	-	N	N	-	-
	- Stray Voltage Program - Current Spending	1,759	N	Y	40	-	1,799	N	Y	40	1,839
	- Amort. Storm Reserve Deferrals	2,881	N	N	-	(2,881)	-	N	N	-	-
	- Amort. Deferred 1st Installed Transformers	(1,695)	N	N	-	1,695	-	N	N	-	-
	- Amort. Oil Supplier Refunds	(577)	N	N	-	577	-	N	N	-	-
	- Amort DSM Overrecoveries	(923)	N	N	-	923	-	N	N	-	-
5	Uncollectible Accounts	2,428	N	N	-	86	2,514	N	N	(63)	2,451
6	Tree Trimming / T&D O&M	15,326	N	Y	352	-	15,678	N	Y	345	16,023
7	Regulatory Commission Expenses	1,140	N	Y	26	-	1,166	N	Y	26	1,192
	Other O&M Costs										
8	Advertising	497	N	Y	11	-	508	N	Y	11	520
9	Information Technology Solutions	2,513	N	Y	58	-	2,571	N	Y	57	2,627
10	Legal & Other Professional Services	415	N	Y	10	-	425	N	Y	9	434
11	Rents	1,035	N	Y	24	-	1,059	N	Y	23	1,082
12	Materials and Supplies	1,056	N	Y	24	-	1,080	N	Y	24	1,104
13	Corporate Fiscal	1,022	N	Y	24	-	1,046	N	Y	23	1,069
14	Other O&M	4,638	N	Y	107	-	4,745	N	Y	104	4,849
	Total O&M Expenses*	$ 99,633			$ 2,590	$ (2,074)	$ 100,149			$ 2,404	$ 102,553

*Exc. Purchased Power, Pensions/OPEBs, MGP

ORANGE & ROCKLAND UTILITIES, INC.
ELECTRIC PENSION / OPEBs EXPENSE
FOR THE YEARS ENDING DECEMBER 31, 2008 AND DECEMBER 31, 2009
($000s)

Electric Expense	12 Months Ending Dec 31, 2007	Program Changes	12 Months Ending Dec 31, 2008
FAS 87 Pension Costs - Qualified Plan	$ 18,056	$ (1,696)	$ 16,360
Capitalized / Recovered Costs	(3,362)	315	(3,047)
Subtotal	14,694	(1,381)	13,313
Amort. Of Deferred Pension Costs	4,121	-	4,121
Net Qualified Pension Costs	18,815	(1,381)	17,434
Supplemental Pension Expense	1,305	(8)	1,297
TOLI Expenses	317	8	325
401K Contributions	1,069	38	1,107
Total Pension Expense	21,506	(1,343)	20,163
FAS 106 OPEB Costs	9,817	(162)	9,655
Pay-As-You-Go	(1,814)	30	(1,784)
Capitalized / Recovered Costs	(2,206)	36	(2,170)
Subtotal	5,797	(96)	5,701
Amort. Of Transitional Obligation	1,817	-	1,817
Amort. Of Deferred OPEB Costs	4,721	-	4,721
Net Qualified Pension Costs	12,335	(96)	12,239
Medicare Part D Tax Benefit - Deferral	-	-	
- Amortization	(1,112)	-	(1,112)
Total OPEB Expense	11,223	(96)	11,127
Total	32,729	(1,439)	31,290

Electric Expense	12 Months Ending Dec 31, 2008	Program Changes	12 Months Ending Dec 31, 2009
FAS 87 Pension Costs - Qualified Plan	16,360	(1,273)	15,087
Capitalized / Recovered Costs	(3,047)	238	(2,809)
Subtotal	13,313	(1,035)	12,278
Amort. Of Deferred Pension Costs (5 Yrs)	4,121	-	4,121
Net Qualified Pension Costs	17,434	(1,035)	16,399
Supplemental Pension Expense	1,297	(3)	1,294
TOLI Expenses	325	6	331
401K Contributions	1,107	39	1,146
Total Pension Expense	20,163	(993)	19,170
FAS 106 OPEB Costs	9,655	(269)	9,386
Pay-As-You-Go	(1,784)	50	(1,734)
Capitalized / Recovered Costs	(2,170)	60	(2,110)
Subtotal	5,701	(159)	5,542
OPEB Deferral	-	-	
Amort. Of Transitional Obligation	1,817	-	1,817
Amort. Of Deferred OPEB Costs (5 Yrs)	4,721	-	4,721
Net Qualified Pension Costs	12,239	(159)	12,080
Medicare Part D Tax Benefit - Deferral	-	-	
- Amortization	(1,112)	-	(1,112)
Total OPEB Expense	11,127	(159)	10,968
Total	31,290	(1,152)	30,138

ORANGE & ROCKLAND UTILITIES, INC.
MGP SITES & OTHER ENVIRONMENTAL COSTS ($,000s)
FOR THE YEARS ENDING DECEMBER 31, 2008 AND DECEMBER 31, 2009

LINE NO.		12 Months Ending Dec. 31, 2007	Subject to Inflation @ 2.30%	Escalation for 12 Months Ending Dec. 31, 2008	Rate Year 2 Adjustments	12 Months Ending Dec. 31, 2008	Subject to Inflation @ 2.20%	Escalation for 12 Months Ending Dec. 31, 2009	12 Months Ending Dec. 31, 2009
1	MGP Sites - Recovery of Deferrals	$ 12,739	N	-	(12,739)	-	N	-	-
2	MGP Sites - Current Spending	5,786	Y	133	-	5,919	Y	130	6,049
3	West Nyack & Other Environmental Sites	452	N	-	(452)	-	N	-	-
4	West Nyack 2007 - Estimated Spending	207	Y	5	-	212	Y	5	216
5	Other Environmental Sites	104	Y	2	-	106	Y	2	108
	Total Environmental Expenses	$ 19,287		$ 140	$ (13,191)	$ 6,236		$ 137	$ 6,374

Orange and Rockland Utilities, Inc.
Electric Rate Case
Plant Depreciation Expense
January 2007 to December 2007

Exhibits E-7
Schedule 6

Electric Plant In Service Beginning Balance:	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	506,115.1	507,638.8	509,107.4	511,268.8	512,573.2	520,793.6	522,549.9	524,905.6	527,207.3	529,441.0	530,932.9	532,836.7
Transmission	135,494.8	135,802.1	135,737.8	135,723.7	135,768.5	144,845.2	144,413.8	144,351.9	144,292.1	144,232.7	144,498.8	144,460.0
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,232.1	1,226.4	1,220.7	1,215.0	1,209.3	1,203.6	1,197.9	1,192.2	1,186.5	1,180.8	1,175.1	1,169.4
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	2,704.4	2,842.9	3,031.6	3,230.2	3,516.7	4,133.8	4,535.4	4,777.7	5,030.2	5,348.2	5,621.6	5,895.0
Data Handling Equipment	9,090.0	9,065.2	9,040.4	9,015.6	8,990.8	8,966.0	8,941.2	8,916.9	8,930.6	8,943.7	8,926.5	8,909.4
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	680,930.4	682,869.5	684,432.0	686,747.4	688,352.6	706,236.3	707,932.3	710,438.4	712,940.8	715,440.6	717,449.0	719,564.7

Electric Plant Additions:	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,844.9	1,789.8	2,482.6	1,625.6	8,541.6	2,077.5	2,676.8	2,623.0	2,554.9	1,813.1	2,225.0	2,214.4
Transmission	391.7	20.1	70.3	129.2	9,161.1	(347.0)	22.5	24.6	25.0	350.5	45.6	1,755.3
Trans And Distr Future	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	138.5	188.7	198.6	286.5	617.1	401.6	242.3	252.5	318.0	273.4	273.4	273.4
Data Handling Equipment	-	-	-	-	-	-	0.5	38.5	37.9	7.6	7.7	2.5
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,375.1	1,998.6	2,751.5	2,041.3	18,319.8	2,132.1	2,942.1	2,938.6	2,935.8	2,444.6	2,551.7	4,245.6

Electric Plant Retirements:	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2
Transmission	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4
Trans And Distr Future	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Office Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Data Handling Equipment	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1

Electric Plant Ending Balance:	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	507,638.8	509,107.4	511,268.8	512,573.2	520,793.6	522,549.9	524,905.6	527,207.3	529,441.0	530,932.9	532,836.7	534,730.0
Transmission	135,802.1	135,737.8	135,723.7	135,768.5	144,845.2	144,413.8	144,351.9	144,292.1	144,232.7	144,498.8	144,460.0	146,130.9
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,226.4	1,220.7	1,215.0	1,209.3	1,203.6	1,197.9	1,192.2	1,186.5	1,180.8	1,175.1	1,169.4	1,163.7
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	2,842.9	3,031.6	3,230.2	3,516.7	4,133.8	4,535.4	4,777.7	5,030.2	5,348.2	5,621.6	5,895.0	6,168.4
Data Handling Equipment	9,065.2	9,040.4	9,015.6	8,990.8	8,966.0	8,941.2	8,916.9	8,930.6	8,943.7	8,926.5	8,909.4	8,887.1
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	682,869.5	684,432.0	686,747.4	688,352.6	706,236.3	707,932.3	710,438.4	712,940.8	715,440.6	717,449.0	719,564.7	723,374.1

Electric Plant Depreciation Rates:	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040
Transmission	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090
Trans And Distr Future	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530
Information System	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890
Intangible Plant	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540
Office Buildings	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770
Office Furniture	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340
Automobiles	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310
Light Trucks	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950
Heavy Trucks	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920
General Equipment	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190
Data Handling Equipment	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760
Easements	-	-	-	-	-	-	-	-	-	-	-	-

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Electric Plant Depreciation Expense @ 100%:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,216.7	1,220.4	1,223.9	1,229.1	1,232.2	1,252.0	1,256.2	1,261.9	1,267.4	1,272.8	1,276.4	1,280.9
Transmission	258.7	259.2	259.1	259.1	259.2	276.5	275.7	275.6	275.5	275.3	275.8	275.8
Trans And Distr Future	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Information System	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Intangible Plant	6.2	6.2	6.2	6.1	6.1	6.1	6.1	6.0	6.0	6.0	5.9	5.9
Office Buildings	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4
Automobiles	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9
General Equipment	18.4	19.4	20.7	22.0	24.0	28.2	30.9	32.6	34.3	36.5	38.3	40.2
Data Handling Equipment	33.4	33.3	33.2	33.1	33.1	33.0	32.9	32.8	32.8	32.9	32.8	32.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,712.6	1,717.7	1,722.3	1,726.6	1,733.8	1,775.0	1,781.0	1,788.1	1,795.2	1,802.7	1,808.4	1,814.8
Electric Plant Depreciation Expense Charged to Clearing Accounts @ 100%:												
Information System	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Automobiles	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9
General Equipment	18.4	19.4	20.7	22.0	24.0	28.2	30.9	32.6	34.3	36.5	38.3	40.2
Total	114.4	115.4	116.7	118.0	120.0	124.2	126.9	128.6	130.3	132.5	134.3	136.2
Electric Plant Depreciation Expense Charged to Income Statement @ 100%:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,216.7	1,220.4	1,223.9	1,229.1	1,232.2	1,252.0	1,256.2	1,261.9	1,267.4	1,272.8	1,276.4	1,280.9
Transmission	258.7	259.2	259.1	259.1	259.2	276.5	275.7	275.6	275.5	275.3	275.8	275.8
Trans And Distr Future	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Intangible Plant	6.2	6.2	6.2	6.1	6.1	6.1	6.1	6.0	6.0	6.0	5.9	5.9
Office Buildings	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4
Data Handling Equipment	33.4	33.3	33.2	33.1	33.1	33.0	32.9	32.8	32.8	32.9	32.8	32.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,598.2	1,602.3	1,605.6	1,610.6	1,613.8	1,650.8	1,654.1	1,659.5	1,664.9	1,670.2	1,674.1	1,678.6
Common Plant @ 100%												
Common Plant In Service Beginning Balance:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	11,543.4	11,407.6	11,287.3	11,674.6	11,538.8	11,403.0	11,790.3	12,024.9	12,232.2	12,618.7	12,482.9	13,734.2
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0
Office Buildings	42,218.3	42,160.3	42,200.6	42,181.7	42,175.4	43,314.2	43,427.0	43,480.7	43,459.0	43,437.2	44,082.1	44,205.4
Office Furniture	3,549.6	3,526.3	3,508.3	3,490.2	3,466.9	3,448.8	3,430.7	3,407.4	3,389.3	3,371.2	3,347.9	3,324.6
Automobiles	360.8	360.8	360.8	360.8	411.3	512.6	512.6	512.6	512.6	512.6	593.7	593.7
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1
Heavy Trucks	1,505.1	2,558.7	2,660.0	2,761.3	3,004.5	3,267.9	3,571.9	4,666.0	4,969.9	5,172.6	5,172.6	5,172.6
General Equipment	1,110.1	1,111.5	1,122.1	1,163.7	1,299.5	1,364.8	1,654.2	1,663.6	1,727.9	1,778.9	1,824.2	1,844.2
Data Handling Equipment	12,582.0	12,517.2	12,452.4	12,387.6	12,322.8	12,258.0	12,193.2	12,128.4	12,063.6	11,998.8	11,934.0	11,869.2
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0
Total	126,439.5	127,212.6	127,161.5	127,590.0	127,789.4	129,139.3	130,150.0	131,453.7	131,924.6	132,460.1	133,007.6	134,314.0
Common Plant Additions:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	15.5	523.1	-	-	523.1	370.4	343.1	522.3	-	1,387.1	1,405.7
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	-	98.3	39.1	51.8	1,196.7	170.8	111.7	36.3	36.3	702.9	181.2	77.6
Office Furniture	-	5.2	5.2	-	5.2	5.2	-	5.2	5.2	-	-	-
Automobiles	-	-	-	50.5	101.3	-	-	-	-	81.1	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	1,053.6	101.3	101.3	243.2	263.4	304.0	1,094.1	303.9	202.7	-	-	-
General Equipment	1.4	10.6	41.7	135.8	65.2	289.5	9.4	64.3	51.0	45.3	20.0	43.8
Data Handling Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,055.0	230.9	710.3	481.3	1,631.9	1,292.6	1,585.6	752.8	817.4	829.3	1,588.3	1,527.1
Common Plant Retirements:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0
Office Furniture	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Data Handling Equipment	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9
Common Plant Ending Balance:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	11,407.6	11,287.3	11,674.6	11,538.8	11,403.0	11,790.3	12,024.9	12,232.2	12,618.7	12,482.9	13,734.2	15,004.1
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
Office Buildings	42,160.3	42,200.6	42,181.7	42,175.4	43,314.2	43,427.0	43,480.7	43,459.0	43,437.2	44,082.1	44,205.4	44,225.0
Office Furniture	3,526.3	3,508.3	3,490.2	3,466.9	3,448.8	3,430.7	3,407.4	3,389.3	3,371.2	3,347.9	3,324.6	3,301.3
Automobiles	360.8	360.8	360.8	411.3	512.6	512.6	512.6	512.6	512.6	593.7	593.7	593.7
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1
Heavy Trucks	2,558.7	2,660.0	2,761.3	3,004.5	3,267.9	3,571.9	4,666.0	4,969.9	5,172.6	5,172.6	5,172.6	5,172.6
General Equipment	1,111.5	1,122.1	1,163.7	1,299.5	1,364.8	1,654.2	1,663.6	1,727.9	1,778.9	1,824.2	1,844.2	1,888.0
Data Handling Equipment	12,517.2	12,452.4	12,387.6	12,322.8	12,258.0	12,193.2	12,128.4	12,063.6	11,998.8	11,934.0	11,869.2	11,804.4
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0
Total	127,212.6	127,161.5	127,590.0	127,789.4	129,139.3	130,150.0	131,453.7	131,924.6	132,460.1	133,007.6	134,314.0	135,559.1
Common Plant Depreciation Rates:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832
Office Furniture	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640
Automobiles	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043
Light Trucks	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134
Heavy Trucks	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464
General Equipment	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358
Data Handling Equipment	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Common Plant Depreciation Expense @ 100%:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	120.2	118.8	117.6	121.6	120.2	118.8	122.8	125.3	127.4	131.4	130.0	143.1
Intangible Plant - Amortizations	-	-	-	-	-	-	-	-	-	-	-	-
CIMS	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2
Retail Access Ph 3 & 4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Plant Field Order Route Design	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Software New Bus Proj Management	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Software Data Pipe	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Blue Hill	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Amortizations	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5	222.5
Office Buildings	77.3	77.2	77.3	77.3	77.3	79.4	79.6	79.7	79.6	79.6	80.8	81.0
Office Furniture	16.5	16.4	16.3	16.2	16.1	16.0	15.9	15.8	15.7	15.6	15.5	15.4
Automobiles	3.6	3.6	3.6	3.6	4.1	5.1	5.1	5.1	5.1	5.1	6.0	6.0
Light Trucks	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks	11.2	19.1	19.9	20.6	22.4	24.4	26.7	34.8	37.1	38.6	38.6	38.6
General Equipment	4.8	4.8	4.9	5.1	5.7	5.9	7.2	7.3	7.5	7.8	7.9	8.0
Data Handling Equipment	81.0	80.6	80.2	79.8	79.3	78.9	78.5	78.1	77.7	77.2	76.8	76.4
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	554.4	560.3	559.6	564.0	564.9	568.3	575.6	585.9	589.9	595.1	595.4	608.3
Common Plant Depreciation Expense Charged to Clearing Accounts:												
Information System	120.2	118.8	117.6	121.6	120.2	118.8	122.8	125.3	127.4	131.4	130.0	143.1
Automobiles	3.6	3.6	3.6	3.6	4.1	5.1	5.1	5.1	5.1	5.1	6.0	6.0
Light Trucks	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks	11.2	19.1	19.9	20.6	22.4	24.4	26.7	34.8	37.1	38.6	38.6	38.6
General Equipment	4.8	4.8	4.9	5.1	5.7	5.9	7.2	7.3	7.5	7.8	7.9	8.0
Total	157.1	163.6	163.3	168.2	169.7	171.5	179.1	189.8	194.4	200.2	199.8	213.0
Common Plant Depreciation Expense Allocated:												
Unallocated @ 70.75%	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant - Amortizations @ 75.97%												
CIMS	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4
Retail Access Ph 3 & 4	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Plant Field Order Route Design	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Software New Bus Proj Management	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Software Data Pipe	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Blue Hill	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total Amortizations	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0	169.0
Office Buildings @ 70.75%	54.7	54.6	54.7	54.7	54.7	56.2	56.3	56.4	56.3	56.3	57.2	57.3
Office Furniture @ 70.75%	11.7	11.6	11.5	11.5	11.4	11.3	11.2	11.2	11.1	11.0	11.0	10.9
Data Handling Equipment @ 70.75%	57.3	57.0	56.7	56.5	56.1	55.8	55.5	55.3	55.0	54.6	54.3	54.1
Easements @ 70.75%	-	-	-	-	-	-	-	-	-	-	-	-
Total Common Depreciation Allocated	292.7	292.2	291.9	291.7	291.2	292.3	292.0	291.9	291.4	290.9	291.5	291.3
Total Electric Depreciation On Income Statemen	1,598.2	1,602.3	1,605.6	1,610.6	1,613.8	1,650.8	1,654.1	1,659.5	1,664.9	1,670.2	1,674.1	1,678.6
Total Common Depreciation Alloc On Income St	292.7	292.2	291.9	291.7	291.2	292.3	292.0	291.9	291.4	290.9	291.5	291.3
Total Electric Depreciation On Income Stat	1,890.9	1,894.5	1,897.5	1,902.3	1,905.0	1,943.1	1,946.1	1,951.4	1,956.3	1,961.1	1,965.6	1,969.9
12 Months Ended Dec. 2007												23,183.7
Total Electric Depreciation Charged to Clearing	114.4	115.4	116.7	118.0	120.0	124.2	126.9	128.6	130.3	132.5	134.3	136.2
12 Months Ended Dec. 2007												1,497.5

Exhibits E-7
Schedule 6
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Orange and Rockland Utilities, Inc.
Electric Rate Case
Plant Depreciation Expense
January 2008 to December 2008

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Electric Plant In Service Beginning Balance:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	534,730.0	535,859.6	536,934.4	538,231.6	539,212.3	556,182.0	558,555.2	560,073.5	568,221.2	569,579.5	570,977.6	575,181.3
Transmission	146,130.9	146,065.0	145,996.0	145,926.7	145,909.0	145,984.6	156,954.3	158,170.5	158,106.1	158,042.2	157,998.6	157,953.5
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,163.7	1,158.0	1,152.3	1,146.6	1,140.9	1,135.2	1,129.5	1,123.8	1,118.1	1,112.4	1,106.7	1,101.0
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	6,168.4	6,276.5	6,436.2	6,606.2	6,866.9	7,457.7	7,820.8	8,025.3	8,239.9	8,512.6	8,743.6	8,991.0
Data Handling Equipment	8,887.1	8,862.3	8,837.5	8,812.7	8,787.9	8,763.1	8,738.3	8,714.7	8,728.1	8,739.9	8,720.9	8,703.3
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	723,374.1	724,515.5	725,650.4	727,017.9	728,211.0	745,816.7	759,492.2	762,401.9	770,707.5	772,280.7	773,841.5	778,224.2
Electric Plant Additions:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,450.8	1,395.9	1,618.4	1,301.9	17,290.9	2,694.4	1,839.5	8,468.9	1,679.5	1,719.2	4,524.9	9,198.1
Transmission	18.5	15.4	15.1	66.7	160.0	11,054.1	1,300.6	20.0	20.5	40.8	39.3	18,808.1
Trans And Distr Future	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	108.1	159.7	170.0	260.7	590.8	363.1	204.5	214.6	272.7	231.0	247.4	247.4
Data Handling Equipment	-	-	-	-	-	-	1.2	38.2	36.8	5.8	7.2	2.4
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,577.4	1,571.0	1,803.5	1,629.3	18,041.7	14,111.7	3,345.8	8,741.7	2,009.3	1,996.8	4,818.8	28,256.0
Electric Plant Retirements:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2
Transmission	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4
Trans And Distr Future	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Office Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Data Handling Equipment	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1
Electric Plant Ending Balance:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	535,859.6	536,934.4	538,231.6	539,212.3	556,182.0	558,555.2	560,073.5	568,221.2	569,579.5	570,977.6	575,181.3	584,058.1
Transmission	146,065.0	145,996.0	145,926.7	145,909.0	145,984.6	156,954.3	158,170.5	158,106.1	158,042.2	157,998.6	157,953.5	176,677.2
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,158.0	1,152.3	1,146.6	1,140.9	1,135.2	1,129.5	1,123.8	1,118.1	1,112.4	1,106.7	1,101.0	1,095.3
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	6,276.5	6,436.2	6,606.2	6,866.9	7,457.7	7,820.8	8,025.3	8,239.9	8,512.6	8,743.6	8,991.0	9,238.4
Data Handling Equipment	8,862.3	8,837.5	8,812.7	8,787.9	8,763.1	8,738.3	8,714.7	8,728.1	8,739.9	8,720.9	8,703.3	8,680.9
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	724,515.5	725,650.4	727,017.9	728,211.0	745,816.7	759,492.2	762,401.9	770,707.5	772,280.7	773,841.5	778,224.2	806,044.0
Electric Plant Depreciation Rates:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040
Transmission	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090
Trans And Distr Future	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530
Information System	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890
Intangible Plant	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540
Office Buildings	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770
Office Furniture	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340
Automobiles	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310
Light Trucks	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950
Heavy Trucks	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920
General Equipment	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190
Data Handling Equipment	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-

Electric Plant Depreciation Expense @ 100%:

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,285.5	1,288.2	1,290.8	1,293.9	1,296.3	1,337.1	1,342.8	1,346.4	1,366.0	1,369.3	1,372.6	1,382.7
Transmission	279.0	278.8	278.7	278.6	278.5	278.7	299.6	301.9	301.8	301.7	301.6	301.5
Trans And Distr Future	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Information System	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Intangible Plant	5.9	5.9	5.8	5.8	5.8	5.7	5.7	5.7	5.7	5.6	5.6	5.6
Office Buildings	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4
Automobiles	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9
General Equipment	42.1	42.8	43.9	45.0	46.8	50.9	53.3	54.7	56.2	58.0	59.6	61.3
Data Handling Equipment	32.7	32.6	32.5	32.4	32.3	32.2	32.1	32.0	32.1	32.1	32.1	32.0
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,824.4	1,827.5	1,830.9	1,834.9	1,838.9	1,883.8	1,912.7	1,919.9	1,941.0	1,945.9	1,950.7	1,962.3

Electric Plant Depreciation Expense Charged to Clearing Accounts @ 100%:

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Information System	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Automobiles	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9
General Equipment	42.1	42.8	43.9	45.0	46.8	50.9	53.3	54.7	56.2	58.0	59.6	61.3
Total	138.1	138.8	139.9	141.0	142.8	146.9	149.3	150.7	152.2	154.0	155.6	157.3

Electric Plant Depreciation Expense Charged to Income Statement @ 100%:

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,285.5	1,288.2	1,290.8	1,293.9	1,296.3	1,337.1	1,342.8	1,346.4	1,366.0	1,369.3	1,372.6	1,382.7
Transmission	279.0	278.8	278.7	278.6	278.5	278.7	299.6	301.9	301.8	301.7	301.6	301.5
Trans And Distr Future	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Intangible Plant	5.9	5.9	5.8	5.8	5.8	5.7	5.7	5.7	5.7	5.6	5.6	5.6
Office Buildings	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4
Data Handling Equipment	32.7	32.6	32.5	32.4	32.3	32.2	32.1	32.0	32.1	32.1	32.1	32.0
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,686.3	1,686.7	1,691.0	1,693.9	1,696.1	1,736.9	1,763.4	1,769.2	1,788.8	1,791.9	1,795.1	1,805.0

Common Plant @ 100%

Common Plant In Service Beginning Balance:

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	15,004.1	14,918.9	14,833.7	15,491.8	15,406.5	15,321.3	16,320.4	16,287.8	16,202.6	16,731.2	16,646.0	16,560.8
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0
Office Buildings	44,225.0	44,167.0	44,137.8	44,116.0	44,246.3	50,837.0	51,014.6	51,152.8	51,164.6	51,178.9	51,456.7	51,536.9
Office Furniture	3,301.3	3,278.0	3,259.9	3,241.8	3,218.5	3,200.4	3,182.3	3,159.0	3,140.9	3,122.9	3,099.6	3,076.3
Automobiles	593.7	593.7	593.7	704.9	932.3	1,043.5	1,043.5	1,043.5	1,043.5	1,043.5	1,124.3	1,124.3
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1
Heavy Trucks	5,172.6	5,172.6	5,172.6	5,283.8	6,294.6	6,405.8	6,517.0	6,628.2	6,855.6	6,966.8	7,078.0	7,189.2
General Equipment	1,888.0	1,889.4	1,900.0	1,940.9	2,127.8	2,193.8	2,466.7	2,476.1	2,551.2	2,601.3	2,656.6	2,676.5
Data Handling Equipment	11,804.4	11,739.6	11,674.8	11,610.0	11,545.2	11,480.4	11,415.6	11,350.8	11,286.0	11,221.2	11,156.4	11,091.6
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0
Total	135,559.1	135,329.2	135,142.6	135,959.3	137,341.4	144,052.4	145,530.3	145,668.3	145,814.6	146,435.9	146,787.6	146,825.6

Common Plant Additions:

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	50.6	50.6	793.9	50.6	50.6	1,134.9	103.2	50.6	664.4	50.6	50.6	2,474.1
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	-	28.9	36.2	188.3	6,648.7	235.6	196.1	69.8	72.3	335.8	138.2	58.9
Office Furniture	-	5.2	5.2	-	5.2	5.2	-	5.2	5.2	-	-	-
Automobiles	-	-	111.2	227.4	111.2	-	-	-	-	80.8	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	111.2	1,010.8	111.2	111.2	111.2	227.4	111.2	111.2	111.2	55.5
General Equipment	1.4	10.6	41.0	186.9	66.0	272.9	9.4	75.1	50.1	55.3	19.9	49.2
Data Handling Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	52.0	95.3	1,098.6	1,664.0	6,993.0	1,759.8	419.9	428.1	903.2	633.6	319.9	2,637.7

Common Plant Retirements:

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0
Office Furniture	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Data Handling Equipment	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9

Common Plant Ending Balance:

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	14,918.9	14,833.7	15,491.8	15,406.5	15,321.3	16,320.4	16,287.8	16,202.6	16,731.2	16,646.0	16,560.8	18,899.1
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0
Office Buildings	44,167.0	44,137.8	44,116.0	44,246.3	50,837.0	51,014.6	51,152.8	51,164.6	51,178.9	51,456.7	51,536.9	51,537.8
Office Furniture	3,278.0	3,259.9	3,241.8	3,218.5	3,200.4	3,182.3	3,159.0	3,140.9	3,122.9	3,099.6	3,076.3	3,053.0
Automobiles	593.7	593.7	704.9	932.3	1,043.5	1,043.5	1,043.5	1,043.5	1,043.5	1,124.3	1,124.3	1,124.3
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1
Heavy Trucks	5,172.6	5,172.6	5,283.8	6,294.6	6,405.8	6,517.0	6,628.2	6,855.6	6,966.8	7,078.0	7,189.2	7,244.7
General Equipment	1,889.4	1,900.0	1,940.9	2,127.8	2,193.8	2,466.7	2,476.1	2,551.2	2,601.3	2,656.6	2,676.5	2,725.7
Data Handling Equipment	11,739.6	11,674.8	11,610.0	11,545.2	11,480.4	11,415.6	11,350.8	11,286.0	11,221.2	11,156.4	11,091.6	11,026.8
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0

	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Total	135,329.2	135,142.6	135,959.3	137,341.4	144,052.4	145,530.3	145,668.3	145,814.6	146,435.9	146,787.6	146,825.6	149,181.5
Common Plant Depreciation Rates:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832
Office Furniture	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640
Automobiles	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043
Light Trucks	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134
Heavy Trucks	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464
General Equipment	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358
Data Handling Equipment	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Common Plant Depreciation Expense @ 100%:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	156.3	155.4	154.5	161.4	160.5	159.6	170.0	169.7	168.8	174.3	173.4	172.5
Intangible Plant - Amortizations	-	-	-	-	-	-	-	-	-	-	-	-
CIMS	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2
Retail Access Ph 3 & 4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Plant Field Order Route Design	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Software New Bus Proj Management	8.5	8.5	8.5	8.5	8.5							
Software Data Pipe	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Blue Hill	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Amortizations	222.5	222.5	222.5	222.5	222.5	214.0	214.0	214.0	214.0	214.0	214.0	214.0
Office Buildings	81.0	80.9	80.9	80.8	81.1	93.1	93.5	93.7	93.7	93.8	94.3	94.4
Office Furniture	15.3	15.2	15.1	15.0	14.9	14.8	14.8	14.7	14.6	14.5	14.4	14.3
Automobiles	6.0	6.0	6.0	7.1	9.4	10.5	10.5	10.5	10.5	10.5	11.3	11.3
Light Trucks	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks	38.6	38.6	38.6	39.4	47.0	47.8	48.6	49.5	51.2	52.0	52.8	53.7
General Equipment	8.2	8.2	8.3	8.5	9.3	9.6	10.7	10.8	11.1	11.3	11.6	11.7
Data Handling Equipment	76.0	75.6	75.2	74.7	74.3	73.9	73.5	73.1	72.7	72.2	71.8	71.4
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	621.2	619.7	618.4	626.7	636.3	640.6	652.9	653.3	653.9	659.9	660.9	660.6
Common Plant Depreciation Expense Charged to Clearing Accounts:												
Information System	156.3	155.4	154.5	161.4	160.5	159.6	170.0	169.7	168.8	174.3	173.4	172.5
Automobiles	6.0	6.0	6.0	7.1	9.4	10.5	10.5	10.5	10.5	10.5	11.3	11.3
Light Trucks	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks	38.6	38.6	38.6	39.4	47.0	47.8	48.6	49.5	51.2	52.0	52.8	53.7
General Equipment	8.2	8.2	8.3	8.5	9.3	9.6	10.7	10.8	11.1	11.3	11.6	11.7
Total	226.4	225.5	224.7	233.7	243.5	244.8	257.1	257.8	258.9	265.4	268.4	266.5
Common Plant Depreciation Expense Allocated:												
Unallocated @ 70.75%	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant - Amortizations @ 75.97%												
CIMS	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4
Retail Access Ph 3 & 4	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Plant Field Order Route Design	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Software New Bus Proj Management	6.5	6.5	6.5	6.5	6.5	-	-	-	-	-	-	-
Software Data Pipe	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Blue Hill	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total Amortizations	169.0	169.0	169.0	169.0	169.0	162.5	162.5	162.5	162.5	162.5	162.5	162.5
Office Buildings @ 70.75%	57.3	57.2	57.2	57.2	57.4	65.9	66.2	66.3	66.3	66.4	66.7	66.8
Office Furniture @ 70.75%	10.8	10.8	10.7	10.6	10.5	10.5	10.5	10.4	10.3	10.3	10.2	10.1
Data Handling Equipment @ 70.75%	53.8	53.5	53.2	52.9	52.6	52.3	52.0	51.7	51.4	51.1	50.8	50.5
Easements @ 70.75%	-	-	-	-	-	-	-	-	-	-	-	-
Total Common Depreciation Allocated	290.9	290.5	290.1	289.7	289.5	291.2	291.2	290.9	290.5	290.3	290.2	289.9
Total Electric Depreciation On Income Statement	1,686.3	1,688.7	1,691.0	1,693.9	1,696.1	1,736.9	1,763.4	1,769.2	1,788.8	1,791.9	1,795.1	1,805.0
Total Common Depreciation Alloc On Income Stat	290.9	290.5	290.1	289.7	289.5	291.2	291.2	290.9	290.5	290.3	290.2	289.9
Total Electric Depreciation On Income State	1,977.2	1,979.2	1,981.1	1,983.6	1,985.6	2,028.1	2,054.6	2,060.1	2,079.3	2,082.2	2,085.3	2,094.9
12 Months Ended Dec. 2008												24,391.2
Total Electric Depreciation Charged to Clearing	138.1	138.8	139.9	141.0	142.8	146.9	149.3	150.7	152.2	154.0	155.6	157.3
12 Months Ended Dec. 2008												1,766.6

Orange and Rockland Utilities, Inc.
Electric Rate Case
Plant Depreciation Expense
January 2009 to December 2009

Exhibits E-7
Schedule 6
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Electric Plant In Service Beginning Balance:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	584,058.1	585,196.5	586,279.3	587,588.1	588,501.0	591,300.9	594,461.0	595,680.0	597,060.1	604,425.5	605,837.6	610,471.5
Transmission	176,677.2	176,981.6	176,916.6	176,851.3	176,837.3	177,386.9	177,398.8	177,335.2	177,275.6	177,215.8	177,480.3	177,942.5
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,095.3	1,089.6	1,083.9	1,078.2	1,072.5	1,066.8	1,061.1	1,055.4	1,049.7	1,044.0	1,038.3	1,032.6
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	9,238.4	9,349.9	9,514.5	9,689.8	9,958.5	10,569.3	10,944.5	11,156.1	11,377.8	11,659.5	11,898.8	12,154.0
Data Handling Equipment	8,680.9	8,656.1	8,631.3	8,606.5	8,581.7	8,556.9	8,532.1	8,508.5	8,521.9	8,534.5	8,515.8	8,495.3
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	806,044.0	807,567.8	808,719.7	810,108.0	811,245.1	815,174.8	818,691.5	820,029.2	821,579.1	829,173.4	831,064.9	836,390.0

Electric Plant Additions:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,459.6	1,404.0	1,630.0	1,234.1	3,121.0	3,481.3	1,540.2	1,701.3	7,686.6	1,733.3	4,955.1	4,246.2
Transmission	388.8	19.4	19.1	70.4	634.0	96.3	20.8	24.8	24.6	348.9	546.6	4,323.9
Trans And Distr Future	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	111.5	164.6	175.3	268.7	610.6	375.2	211.6	221.7	281.7	239.3	255.2	255.2
Data Handling Equipment	-	-	-	-	-	-	1.2	38.2	37.4	6.1	4.3	2.4
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,959.9	1,588.0	1,824.4	1,573.2	4,365.8	3,952.8	1,773.8	1,986.0	8,030.3	2,327.6	5,761.2	8,827.7

Electric Plant Retirements:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2	321.2
Transmission	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4	84.4
Trans And Distr Future	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Office Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Office Furniture	-	-	-	-	-	-	-	-	-	-	-	-
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Data Handling Equipment	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1	436.1

Electric Plant Ending Balance:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	585,196.5	586,279.3	587,588.1	588,501.0	591,300.9	594,461.0	595,680.0	597,060.1	604,425.5	605,837.6	610,471.5	614,396.5
Transmission	176,981.6	176,916.6	176,851.3	176,837.3	177,386.9	177,398.8	177,335.2	177,275.6	177,215.8	177,480.3	177,942.5	182,182.0
Trans And Distr Future	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1	3,786.1
Information System	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6	1,048.6
Intangible Plant	1,089.6	1,083.9	1,078.2	1,072.5	1,066.8	1,061.1	1,055.4	1,049.7	1,044.0	1,038.3	1,032.6	1,026.9
Office Buildings	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0	2,020.0
Office Furniture	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3	9,758.3
Automobiles	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6	144.6
Light Trucks	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6	1,941.6
Heavy Trucks	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9	7,594.9
General Equipment	9,349.9	9,514.5	9,689.8	9,958.5	10,569.3	10,944.5	11,156.1	11,377.8	11,659.5	11,898.8	12,154.0	12,409.2
Data Handling Equipment	8,656.1	8,631.3	8,606.5	8,581.7	8,556.9	8,532.1	8,508.5	8,521.9	8,534.5	8,515.8	8,495.3	8,472.9
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	807,567.8	808,719.7	810,108.0	811,245.1	815,174.8	818,691.5	820,029.2	821,579.1	829,173.4	831,064.9	836,390.0	844,781.6

Electric Plant Depreciation Rates:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040	0.0024040
Transmission	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090	0.0019090
Trans And Distr Future	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530	0.0000530
Information System	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890	0.0166890
Intangible Plant	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540	0.0050540
Office Buildings	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770	0.0022770
Office Furniture	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340	0.0080340
Automobiles	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310	0.0138310
Light Trucks	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950	0.0100950
Heavy Trucks	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920	0.0074920
General Equipment	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190	0.0068190
Data Handling Equipment	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760	0.0036760
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-

Electric Plant Depreciation Expense @ 100%:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,404.1	1,406.8	1,409.4	1,412.6	1,414.8	1,421.5	1,429.1	1,432.0	1,435.3	1,453.0	1,456.4	1,467.6
Transmission	337.3	337.9	337.7	337.6	337.6	338.6	338.7	338.5	338.4	338.3	338.8	339.7
Trans And Distr Future	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Information System	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Intangible Plant	5.5	5.5	5.5	5.4	5.4	5.4	5.4	5.3	5.3	5.3	5.2	5.2
Office Buildings	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4
Automobiles	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9
General Equipment	63.0	63.8	64.9	66.1	67.9	72.1	74.6	76.1	77.6	79.5	81.1	82.9
Data Handling Equipment	31.9	31.8	31.7	31.6	31.5	31.5	31.4	31.3	31.3	31.4	31.3	31.2
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,021.0	2,025.0	2,028.4	2,032.5	2,036.4	2,048.3	2,058.4	2,062.4	2,067.1	2,086.7	2,092.0	2,105.8

Electric Plant Depreciation Expense Charged to Clearing Accounts @ 100%:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Information System	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Automobiles	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Light Trucks	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6
Heavy Trucks	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9	56.9
General Equipment	63.0	63.8	64.9	66.1	67.9	72.1	74.6	76.1	77.6	79.5	81.1	82.9
Total	159.0	159.8	160.9	162.1	163.9	168.1	170.6	172.1	173.6	175.5	177.1	178.9

Electric Plant Depreciation Expense Charged to Income Statement @ 100%:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	1,404.1	1,406.8	1,409.4	1,412.6	1,414.8	1,421.5	1,429.1	1,432.0	1,435.3	1,453.0	1,456.4	1,467.6
Transmission	337.3	337.9	337.7	337.6	337.6	338.6	338.7	338.5	338.4	338.3	338.8	339.7
Trans And Distr Future	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Intangible Plant	5.5	5.5	5.5	5.4	5.4	5.4	5.4	5.3	5.3	5.3	5.2	5.2
Office Buildings	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Office Furniture	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4	78.4
Data Handling Equipment	31.9	31.8	31.7	31.6	31.5	31.5	31.4	31.3	31.3	31.4	31.3	31.2
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Trailers	-	-	-	-	-	-	-	-	-	-	-	-
Total	1,862.0	1,865.2	1,867.5	1,870.4	1,872.5	1,880.2	1,887.8	1,890.3	1,893.5	1,911.2	1,914.9	1,926.9

Common Plant @ 100%

Common Plant In Service Beginning Balance:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	18,899.1	18,763.3	18,627.5	19,330.2	19,194.4	19,322.2	19,896.1	19,760.3	19,624.5	20,197.6	23,458.4	23,322.6
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0
Office Buildings	51,537.8	51,479.8	51,450.9	51,429.0	51,422.7	51,507.5	51,695.8	51,788.6	51,798.2	52,045.4	52,054.6	52,025.7
Office Furniture	3,053.0	3,029.7	3,011.6	2,993.5	2,970.2	2,952.1	2,934.0	2,910.7	2,892.6	2,876.5	2,853.2	2,829.9
Automobiles	1,124.3	1,124.3	1,124.3	1,124.3	1,409.4	1,409.4	1,409.4	1,409.4	1,409.4	1,409.4	1,409.4	1,409.4
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1
Heavy Trucks	7,244.7	7,244.7	7,244.7	7,244.7	8,342.7	8,342.7	8,342.7	8,342.7	8,476.5	9,128.5	9,270.8	9,270.8
General Equipment	2,725.7	2,727.1	2,739.5	2,780.7	3,023.8	3,039.1	3,352.5	3,383.1	3,409.1	3,473.6	3,478.4	3,488.2
Data Handling Equipment	11,026.8	10,962.0	10,897.2	10,832.4	10,767.6	10,702.8	10,638.0	10,573.2	10,508.4	10,443.6	10,378.8	10,314.0
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0
Total	149,181.5	148,901.0	148,665.7	149,305.0	150,701.0	150,845.8	151,838.6	151,738.1	151,688.8	153,144.7	156,473.7	156,230.6

Common Plant Additions:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	-	-	838.5	-	263.6	709.7	-	-	708.9	3,396.6	-	709.1
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	-	29.1	36.2	51.7	142.8	246.3	150.8	67.6	305.2	67.2	29.1	46.5
Office Furniture	-	5.2	5.2	-	5.2	5.2	-	5.2	7.2	-	-	-
Automobiles	-	-	-	285.1	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	1,098.0	-	-	-	133.8	652.0	142.3	-	509.8
General Equipment	1.4	12.4	41.3	243.1	15.2	313.4	30.6	26.0	64.5	4.8	9.8	49.5
Data Handling Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	1.4	46.7	921.1	1,677.9	426.8	1,274.6	181.4	232.6	1,737.8	3,610.9	38.9	1,314.9

Common Plant Retirements:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0	58.0
Office Furniture	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3	23.3
Automobiles	-	-	-	-	-	-	-	-	-	-	-	-
Light Trucks	-	-	-	-	-	-	-	-	-	-	-	-
Heavy Trucks	-	-	-	-	-	-	-	-	-	-	-	-
General Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Data Handling Equipment	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8	64.8
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9	281.9

Common Plant Ending Balance:

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	18,763.3	18,627.5	19,330.2	19,194.4	19,322.2	19,896.1	19,760.3	19,624.5	20,197.6	23,458.4	23,322.6	23,895.9
Intangible Plant	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0	51,077.0
Office Buildings	51,479.8	51,450.9	51,429.0	51,422.7	51,507.5	51,695.8	51,788.6	51,798.2	52,045.4	52,054.6	52,025.7	52,014.1
Office Furniture	3,029.7	3,011.6	2,993.5	2,970.2	2,952.1	2,934.0	2,910.7	2,892.6	2,876.5	2,853.2	2,829.9	2,806.6
Automobiles	1,124.3	1,124.3	1,124.3	1,409.4	1,409.4	1,409.4	1,409.4	1,409.4	1,409.4	1,409.4	1,409.4	1,409.4
Light Trucks	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1	1,707.1
Heavy Trucks	7,244.7	7,244.7	7,244.7	8,342.7	8,342.7	8,342.7	8,342.7	8,476.5	9,128.5	9,270.8	9,270.8	9,780.6
General Equipment	2,727.1	2,739.5	2,780.7	3,023.8	3,039.1	3,352.5	3,383.1	3,409.1	3,473.6	3,478.4	3,488.2	3,537.7
Data Handling Equipment	10,962.0	10,897.2	10,832.4	10,767.6	10,702.8	10,638.0	10,573.2	10,508.4	10,443.6	10,378.8	10,314.0	10,249.2
Easements	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0	786.0

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Total	148,901.0	148,665.7	149,305.0	150,701.0	150,845.8	151,838.6	151,738.1	151,688.8	153,144.7	156,473.7	156,230.6	157,263.6
Common Plant Depreciation Rates:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416	0.010416
Intangible Plant	-	-	-	-	-	-	-	-	-	-	-	-
Office Buildings	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832	0.001832
Office Furniture	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640	0.004640
Automobiles	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043	0.010043
Light Trucks	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134	0.010134
Heavy Trucks	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464	0.007464
General Equipment	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358	0.004358
Data Handling Equipment	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438	0.006438
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Common Plant Depreciation Expense @ 100%:												
Unallocated	-	-	-	-	-	-	-	-	-	-	-	-
Information System	196.9	195.4	194.0	201.3	199.9	201.3	207.2	205.8	204.4	210.4	244.3	242.9
Intangible Plant - Amortizations	-	-	-	-	-	-	-	-	-	-	-	-
CIMS	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2	182.2
Retail Access Ph 3 & 4	20.4	20.4										
Plant Field Order Route Design	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Software New Bus Proj Management												
Software Data Pipe	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Blue Hill	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Amortizations	214.0	214.0	193.6	193.6	193.6	193.6	193.6	193.6	193.6	193.6	193.6	193.6
Office Buildings	94.4	94.3	94.3	94.2	94.2	94.4	94.7	94.9	94.9	95.3	95.4	95.3
Office Furniture	14.2	14.1	14.0	13.9	13.8	13.7	13.6	13.5	13.4	13.3	13.2	13.1
Automobiles	11.3	11.3	11.3	11.3	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Light Trucks	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks	54.1	54.1	54.1	54.1	62.3	62.3	62.3	62.3	63.3	68.1	69.2	69.2
General Equipment	11.9	11.9	11.9	12.1	13.2	13.2	14.6	14.7	14.9	15.1	15.2	15.2
Data Handling Equipment	71.0	70.6	70.2	69.7	69.3	68.9	68.5	68.1	67.7	67.2	66.8	66.4
Easements	-	-	-	-	-	-	-	-	-	-	-	-
Total	685.1	683.0	660.7	667.5	677.8	678.9	686.0	684.4	683.7	694.5	729.2	727.2
Common Plant Depreciation Expense Charged to Clearing Accounts:												
Information System	196.9	195.4	194.0	201.3	199.9	201.3	207.2	205.8	204.4	210.4	244.3	242.9
Automobiles	11.3	11.3	11.3	11.3	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Light Trucks	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3	17.3
Heavy Trucks	54.1	54.1	54.1	54.1	62.3	62.3	62.3	62.3	63.3	68.1	69.2	69.2
General Equipment	11.9	11.9	11.9	12.1	13.2	13.2	14.6	14.7	14.9	15.1	15.2	15.2
Total	291.5	290.0	288.6	296.1	306.9	308.3	315.6	314.3	314.1	325.1	360.2	358.8
Common Plant Depreciation Expense Allocated:												
Unallocated @ 70.75%	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Plant - Amortizations @ 75.97%												
CIMS	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4	138.4
Retail Access Ph 3 & 4	15.5	15.5	-	-	-	-	-	-	-	-	-	-
Plant Field Order Route Design	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Software New Bus Proj Management	-	-	-	-	-	-	-	-	-	-	-	-
Software Data Pipe	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Blue Hill	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Total Amortizations	162.5	162.5	147.0	147.0	147.0	147.0	147.0	147.0	147.0	147.0	147.0	147.0
Office Buildings @ 70.75%	66.8	66.7	66.7	66.6	66.6	66.8	67.0	67.1	67.1	67.4	67.5	67.4
Office Furniture @ 70.75%	10.0	10.0	9.9	9.8	9.8	9.7	9.6	9.6	9.5	9.4	9.3	9.3
Data Handling Equipment @ 70.75%	50.2	49.9	49.7	49.3	49.0	48.7	48.5	48.2	47.9	47.5	47.3	47.0
Easements @ 70.75%	-	-	-	-	-	-	-	-	-	-	-	-
Total Common Depreciation Allocated	289.5	289.1	273.3	272.7	272.4	272.2	272.1	271.9	271.5	271.3	271.1	270.7
Total Electric Depreciation On Income Statement	1,862.0	1,865.2	1,867.5	1,870.4	1,872.5	1,880.2	1,887.8	1,890.3	1,893.5	1,911.2	1,914.9	1,926.9
Total Common Depreciation Alloc On Income Stat	289.5	289.1	273.3	272.7	272.4	272.2	272.1	271.9	271.5	271.3	271.1	270.7
Total Electric Depreciation On Income State	2,151.5	2,154.3	2,140.8	2,143.1	2,144.9	2,152.4	2,159.9	2,162.2	2,165.0	2,182.5	2,186.0	2,197.6
12 Months Ended Dec. 2009												25,940.2
Total Electric Depreciation Charged to Clearing	159.0	159.8	160.9	162.1	163.9	168.1	170.6	172.1	173.6	175.5	177.1	178.9
12 Months Ended Dec. 2009												2,021.6

Orange & Rockland Utilities, Inc.
Electric Department
Taxes Other than Income Taxes
For the Twelve Months Ending December 31, 2008
($000's)

Exhibit E-7
Schedule 7

	2007 As Reflected in Exhibit E-4 and E-5	2008 Adjustments	2008 As Adjusted	Changes	Adjusted
Revenue Taxes	$4,949	($232)	$4,717	$0	$4,717
Property Taxes					
Expense	16,844	98	16,942		16,942
Prior Period Overcollection	(5,279)	5,279	-		-
Property Tax Refunds	(3,334)	3,334	-		-
Payroll Taxes	2,561	76	2,637		2,637
All Other	-	-	-		-
Taxes Other Than Income Taxes	$15,741	$8,555	$24,296	$0	$24,296
Less: Gross Receipts Taxes	(4,949)	232	(4,717)	0	(4,717)
Total Excluding GRT	$10,792	$8,787	$19,579	$0	$19,579

For the Twelve Months Ending December 31, 2009
($000's)

	2008 As Reflected in Exhibit E-6	2009 Adjustments	2009 As Adjusted	Changes	Adjusted
Revenue Taxes	$4,717	($78)	$4,639	$0	$4,639
Property Taxes	16,942	254	17,197		17,197
Payroll Taxes	2,637	86	2,723		2,723
All Other	0	-	0		0
Taxes Other Than Income Taxes	$24,296	$262	$24,558	$0	$24,558
Less: Gross Receipts Taxes	(4,717)	78	(4,639)	0	(4,639)
Total Excluding GRT	$19,579	$340	$19,919	$0	$19,919

Orange & Rockland Utilities, Inc.
Electric Department
New York State Income Tax
Twelve Months Ending December 31, 2008
($000's)

	2007 As Reflected in Exhibit E-4 and E-5	2008 Adjustments	2008 As Adjusted	Changes	Adjusted
Operating Income Before Income Taxes	$55,067	-$8	$55,060	$0	$55,060
Additions: Taxable Income & Unallowable Deductions					
UNALLOWABLE BUSINESS EXPENSE	51	-	51		51
NON TAXABLE INCOME, UNALLOWABLE DEDUCTIONS	415	-	415		415
Total Deductions	466	-	466	-	466
Deduct: Non Taxable Inc. & Add'l Deductions					
INTEREST EXPENSE	14,039	1,189	15,228		15,228
MEDICARE REIMBURSEMENT	1,449	-	1,449		1,449
Total Deductions	15,488	1,189	16,677	-	16,677
Pre Tax Income	40,045	(1,197)	38,849	-	38,849
Normalized Items:					
Add: Add'l Income & Unallowable Deducts Normal					-
BOOK DEPRECIATION - CHARGED TO EXPENSE	23,184	1,207	24,391	-	24,391
- CHARGED TO CLEARING	1,498	269	1,767	-	1,767
CAPITALIZED INTEREST	1,289	-	1,289	-	1,289
TOTAL	25,971	1,476	27,447	-	27,447
Deduct: Non Taxable Inc. & Add'l Deductions					
NYS TAX DEPRECIATION - EXISTING BOOK RATES	36,833	4,385	41,218	-	41,218
COST OF REMOVAL	756	51	806	-	806
LIEN DATE PROPERTY TAX DEDUCTION	102	2	104	-	104
LOSS ON DISPOSITION OF PROPERTY	844	-	844	-	844
TOTAL	38,535	4,438	42,972	-	42,972
SECTION II - NORMALIZED ITEMS					
ADD: ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:					
POST EMPLOYMENT BENEFITS CAPIT. / EXP. (FASB 106)	12,335	(96)	12,239	-	12,239
CONTRIBUTIONS IN AID OF CONSTRUCTION	1,375	-	1,375	-	1,375
CONTRIBUTIONS IN AID OF CONST. - REFUNDABLE	(23)	-	(23)	-	(23)
INCREASE IN DEFERRED FUEL COST	(2,451)	2,540	89	-	89
ENVIRONMENTAL RESERVE	112	-	112	-	112
SUPPLEMENTAL PENSION - NONQUALIFIED	951	-	951	-	951
UNALLOWABLE BOOK PENSION EXPENSE	18,815	(1,381)	17,434	-	17,434
TOTAL	31,114	1,063	32,177	0	32,177
DEDUCT: NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:					
R&D EXPENSE DEBITED TO RESERVE	(950)	-	(950)	-	(950)
OPEB FUNDING	7,228	(162)	7,066	-	7,066
ENVIRONMENTAL COST - QER EXPEND. SECTION 198	5,270	-	5,270	-	5,270
STORM DAMAGE DEFERRED ON BOOKS	(2,881)	2,881	-	-	-
PENSION FUNDING	18,753	(697)	18,056	-	18,056
CONSERVATION/ DSM	923	(923)	-	-	-
STRAY VOLTAGE	(2,549)	2,549	-	-	-
CHANGE OF ACCOUNTING- SEC 263A ADJ	(4,418)	-	(4,418)	-	(4,418)
SOFTWARE COST - DEVELOPED CIMS- PLUS - WALKER	2,029	-	2,029	-	2,029
TOTAL	23,405	3,648	27,053	0	27,053
TAXABLE INCOME OR (LOSS)	35,191	(6,743)	28,447	0	28,447
SUMMARY OF STATE INCOME TAXES					
CURRENT STATE INCOME TAXES @ 7.5%	2,639	(506)	2,134	-	2,134
DEFERRED STATE INCOME TAXES @ 7.5%	364	416	780	-	780
NYS INCOME TAX	$ 3,003	$ (90)	$ 2,914	$ -	$ 2,914
(Incr.) / Decr. to Rate Base - Change in Deferred SIT	$ 364	$ 416	$ 780	$ -	$ 780
- FIT on SIT	(127)	(146)	(273)	-	(273)
Increase) / Decrease	$ 237	$ 270	$ 507	$ -	$ 507

Orange & Rockland Utilities, Inc.
Electric Department
New York State Income Tax
Twelve Months Ending December 31, 2009
($000's)

	2008 As Reflected in Exhibit E-7	2009 Adjustments	2009 As Adjusted	Changes	Adjusted
Operating Income Before Income Taxes	$55,060	-$16,514	$38,545	$0	$38,545
Additions: Taxable Income & Unallowable Deductions					
UNALLOWABLE BUSINESS EXPENSE	51	-	51		51
NON TAXABLE INCOME, UNALLOWABLE DEDUCTIONS	415	-	415		415
Total Deductions	466	-	466	-	466
Deduct: Non Taxable Inc. & Add'l Deductions					
INTEREST EXPENSE	15,228	1,189	16,417		16,417
MEDICARE REIMBURSEMENT	1,449	-	1,449		1,449
Total Deductions	16,677	1,189	17,866	-	17,866
Pre Tax Income	38,849	(17,703)	21,145	-	21,145
Normalized Items:					
Add: Add'l Income & Unallowable Deducts Normal					-
BOOK DEPRECIATION - CHARGED TO EXPENSE	24,391	1,549	25,940	-	25,940
- CHARGED TO CLEARING	1,767	255	2,022	-	2,022
CAPITALIZED INTEREST	1,289	-	1,289	-	1,289
TOTAL	27,447	1,804	29,251	-	29,251
Deduct: Non Taxable Inc. & Add'l Deductions					
NYS TAX DEPRECIATION - EXISTING BOOK RATES	41,218	3,530	44,748	-	44,748
COST OF REMOVAL	806	(21)	785	-	785
LIEN DATE PROPERTY TAX DEDUCTION	104	1	106	-	106
LOSS ON DISPOSITION OF PROPERTY	844	-	844	-	844
TOTAL	42,972	3,511	46,483	-	46,483
SECTION II - NORMALIZED ITEMS					
ADD: ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:					
POST EMPLOYMENT BENEFITS CAPIT. / EXP. (FASB 106)	12,239	(159)	12,080	-	12,080
CONTRIBUTIONS IN AID OF CONSTRUCTION	1,375	-	1,375	-	1,375
CONTRIBUTIONS IN AID OF CONST. - REFUNDABLE	(23)	-	(23)	-	(23)
INCREASE IN DEFERRED FUEL COST	89	(54)	35	-	35
ENVIRONMENTAL RESERVE	112	-	112	-	112
SUPPLEMENTAL PENSION - NONQUALIFIED	951	-	951	-	951
UNALLOWABLE BOOK PENSION EXPENSE	17,434	(1,035)	16,399	-	16,399
TOTAL	32,177	(1,248)	30,929	0	30,929
DEDUCT: NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:					
R&D EXPENSE DEBITED TO RESERVE	(950)	-	(950)	-	(950)
OPEB FUNDING	7,066	(216)	6,850	-	6,850
ENVIRONMENTAL COST - QER EXPEND. SECTION 198	5,270	-	5,270	-	5,270
STORM DAMAGE DEFERRED ON BOOKS	-	-	-	-	-
PENSION FUNDING	18,056	(1,696)	16,360	-	16,360
CONSERVATION/ DSM/ LCAPS	-	-	-	-	-
STRAY VOLTAGE	-	-	-	-	-
CHANGE OF ACCOUNTING- SEC 263A ADJ	(4,418)	-	(4,418)	-	(4,418)
SOFTWARE COST - DEVELOPED CIMS- PLUS - WALKER	2,029	-	2,029	-	2,029
TOTAL	27,053	(1,912)	25,141	0	25,141
TAXABLE INCOME OR (LOSS)	28,447	(18,746)	9,701	0	9,701
SUMMARY OF STATE INCOME TAXES					
CURRENT STATE INCOME TAXES @ 7.5%	2,134	(1,406)	728	-	728
DEFERRED STATE INCOME TAXES @ 7.5%	780	78	858	-	858
COME TAX	$ 2,914	$ (1,328)	$ 1,586	$ -	$ 1,586
(Incr.) / Decr. to Rate Base - Change in Deferred SIT	$ 780	$ 78	$ 858	$ -	$ 858
- FIT on SIT	(273)	(27)	(300)	-	(300)
Increase) / Decrease	$ 507	$ 51	$ 558	$ -	$ 558

Orange & Rockland Utilities, Inc.
Electric Department
Federal Income Tax
For the Twelve Months Ending December 31, 2008
($000's)

	2007 As Reflected in Exhibit E-4 and E-5	2008 Adjustments	2008 As Adjusted	Changes	Adjusted
Operating Income Before Income Taxes	$55,067	$ (8)	$ 55,060	$0	$55,060
New York State Income Taxes	3,003	(90)	2,913	-	2,913
Book Operating Income before FIT	52,064	82	52,147	-	52,147
Flow Through Items					
Add: Additional Income and Unallowable Deductions					
BOOK DEPRECIATION - CHARGED TO EXPENSE	23,184	1,207	24,391	-	24,391
- CHARGED TO CLEARING	1,498	269	1,767	-	1,767
Capitalized Interest	1,289	-	1,289		1,289
UNALLOWABLE BUSINESS EXPENSE	51	-	51		51
NON TAXABLE INCOME, UNALLOWABLE DEDUCTIONS	415	-	415		415
Total Additions	26,437	1,476	27,913	-	27,913
Deduct: Non-Taxable Income and Additional Deductions					
Interest on Debt	14,039	1,189	15,228		15,228
Statutory Depreciation	21,309	1,181	22,490		22,490
Removal Costs	756	51	806		806
Medicare Reimbursement	1,449	-	1,449		1,449
Lien Date Property Tax Deduction	102	2	104		104
Loss on Disposition of Property	844	-	844		844
Total Deductions	38,499	2,423	40,921	-	40,921
Pretax Income	40,003	(864)	39,138	-	39,138
Normalized Items:					
Add: Additional Income & Unallowable Deductions:					
Increase in Deferred Fuel Cost	(2,451)	2,540	89	-	89
Amortization of Bond Redemption Cost	154	-	154	-	154
Post Employment Benefits Expense	12,335	(96)	12,239	-	12,239
Deferred State Income Tax Non Deductible	364	416	780	-	780
Contributions in Aid of Construction	1,374	-	1,374	-	1,374
Contributions in Aid of Const. - Refundable	(23)	-	(23)	-	(23)
Environmental Reserve	112	-	112	-	112
Book Amortization Computer Software	623	-	623	-	623
Unallowable Book Pension Expense	18,815	(1,381)	17,434	-	17,434
Excess Book Over Tax Depr. - B.H.	(18)	-	(18)	-	(18)
Total Additions	31,286	1,479	32,765	-	32,765
Deduct: Non-Taxable Income & Other Deductions:					
Tax Depreciation (Norm) - ADR / ACRS / MACRS	7,008	2,099	9,107		9,107
Pension Funding	18,753	(697)	18,056		18,056
OPEB Funding	7,228	(162)	7,066		7,066
R&D Expense Debited to Reserve	(950)	-	(950)		(950)
Excess Tax Depr. Over Veh. Lease Exp.	(405)	(62)	(467)		(467)
Environmental Cost - Qer Expend. Sect. 198	5,270	-	5,270		5,270
Conservation/ DSM / LCAPS	923	(923)	-		-
Stray Voltage	(2,549)	2,549	-		-
Software Cost - Developed CIMS- Plus - Walker	2,029	-	2,029		2,029
Change Of Accounting- Sec 263A Adj	(4,418)	-	(4,418)		(4,418)
Total Deductions	32,890	2,804	35,693	-	35,693
Taxable Income or (Loss)	38,399	(2,189)	36,210	-	36,210
Summary of Federal Income Taxes					
Current Federal Income Taxes	13,440	(766)	12,674	-	12,674
Deferred Federal Income Taxes	561	464	1,025	-	1,025
Amortization of Deferred FIT - Section 263A	(493)	-	(493)	-	(493)
Total Federal Income Tax	13,508	(302)	13,206	-	13,206
(Incr) / Decr to Rate Base - Change in Def. Fit	$ 765	$ 713	$ 1,478	$ -	$ 1,478
Amortization of Deferred FIT	(493)	-	(493)	-	(493)
Amortization of Deferred ITC	(212)	-	(242)	-	(242)
Net Rate Base (Increase) / Decrease	$ 60	$ 713	$ 743	$ -	$ 743

Orange & Rockland Utilities, Inc.
Electric Department
Federal Income Tax
For the Twelve Months Ending December 31, 2009
($000's)

	2008 As Reflected in Exhibit E-7	2009 Adjustments	2009 As Adjusted	Changes	Rate Year 2 As Adjusted Adjusted
Operating Income Before Income Taxes	$55,060	$ (8)	$ 55,052	$0	$55,052
New York State Income Taxes	2,913	(90)	2,823	-	2,823
Book Operating Income before FIT	52,147	82	52,229	-	52,229
Flow Through Items					
Add: Additional Income and Unallowable Deductions					
BOOK DEPRECIATION - CHARGED TO EXPENSE	24,391	1,549	25,940	-	25,940
- CHARGED TO CLEARING	1,767	255			
Capitalized Interest	1,289	-	1,289		1,289
UNALLOWABLE BUSINESS EXPENSE	51	-	51		51
NON TAXABLE INCOME, UNALLOWABLE DEDUCTIONS	415	-	415		415
Total Additions	27,913	1,804	27,695	-	27,695
Deduct: Non-Taxable Income and Additional Deductions					
Interest on Debt	15,228	1,189	16,417		16,417
Statutory Depreciation	22,490	1,442	23,932		23,932
Removal Costs	806	(21)	785		785
Medicare Reimbursement	1,449	-	1,449		1,449
Lien Date Property Tax Deduction	104	1	106		106
Loss on Disposition of Property	844	-	844		844
Total Deductions	40,921	2,612	43,533	-	43,533
Pretax Income	39,138	(726)	36,391	-	36,391
Normalized Items:					
Add: Additional Income & Unallowable Deductions:					
Increase in Deferred Fuel Cost	89	(54)	35	-	35
Amortization of Bond Redemption Cost	154	-	154	-	154
Post Employment Benefits Expense	12,239	(159)	12,080	-	12,080
Deferred State Income Tax Non Deductible	780	416	1,196	-	1,196
Contributions in Aid of Construction	1,374	-	1,374	-	1,374
Contributions in Aid of Const. - Refundable	(23)	-	(23)	-	(23)
Environmental Reserve	112	-	112	-	112
Book Amortization Computer Software	623	-	623	-	623
Unallowable Book Pension Expense	17,434	(1,035)	16,399	-	16,399
Excess Book Over Tax Depr. - B.H.	(18)	-	(18)	-	(18)
Total Additions	32,765	(832)	31,933	-	31,933
Deduct: Non-Taxable Income & Other Deductions:					
Tax Depreciation (Norm) - ADR / ACRS / MACRS	9,107	1,045	10,152		10,152
Pension Funding	18,056	(1,696)	16,360		16,360
OPEB Funding	7,066	(216)	6,850		6,850
R&D Expense Debited to Reserve	(950)	-	(950)		(950)
Excess Tax Depr. Over Veh. Lease Exp.	(467)	126	(341)		(341)
Environmental Cost - Qer Expend. Sect. 198	5,270	-	5,270		5,270
Conservation/ DSM / LCAPS	-	-	-		-
Stray Voltage	-	-	-		-
Software Cost - Developed CIMS- Plus - Walker	2,029	-	2,029		2,029
Change Of Accounting- Sec 263A Adj	(4,418)	-	(4,418)		(4,418)
Total Deductions	35,693	(740)	34,953	-	34,953
Taxable Income or (Loss)	36,210	(817)	33,371	-	33,371
Summary of Federal Income Taxes					
Current Federal Income Taxes	12,674	(286)	12,388	-	12,388
Deferred Federal Income Taxes	1,025	32	1,057	-	1,057
Amortization of Deferred FIT - Section 263A	(493)	-	(493)	-	(493)
Total Federal Income Tax	13,206	(254)	12,952	-	12,952
(Incr) / Decr to Rate Base - Change in Def. Fit	$ 1,478	$ 410	$ 1,888	$ -	$ 1,888
Amortization of Deferred FIT	(493)	-	(493)	-	(493)
Amortization of Deferred ITC	(242)	-	(242)	-	(242)
Net Rate Base (Increase) / Decrease	$ 743	$ 410	$ 1,153	$ -	$ 1,153

Orange & Rockland Utilities, Inc.
Electric Department
Rate Base
For the Twelve Months Ending December 31, 2008
($000's)

	2007 As Reflected in Exhibit E-2	2008 Adjustments	2008 As Adjusted
Utility Plant:			
Book Cost of Plant	$793,311	$60,736	$854,047
Accumulated Reserve for Depreciation	(280,855)	(19,564)	(300,419)
Net Plant	512,456	41,172	553,628
Non-Interest Bearing CWIP	8,046	-	8,046
Working Capital	27,831	(1,011)	26,820
Regulatory Assets / (Liabilities):			
Deferred R& D Expenditures (Net of FIT)	1,544	(617)	927
Deferred Purchased Power (Net of FIT)	5,647	(2,540)	3,107
Deferred M.T.A. Surtax - (Net of Fit)	(236)	-	(236)
Deferred Low Income Program (Net of FIT)	(362)	362	-
Deferred Storm Reserve Expenditures (Net of FIT)	(1,138)	1,138	-
Deferred Environmental Expenditures (Net of Tax)	325	-	325
Accrued Pension Liability - Rate Base Imputation	(6,403)	-	(6,403)
Customer Advances for Construction (Net of FIT)	(161)	-	(161)
Accumulated Deferred FIT			
Accum. Deferred FIT - ACRS / ADR	(69,253)	(1,478)	(70,731)
Accum. Deferred FIT - 263(A) Capitalized Overheads	(13,735)	493	(13,242)
Accum. Deferred SIT	(4,190)	(507)	(4,697)
SIT Benefit - Pre 2000	379	-	379
Accum. Deferred MTA	206	-	206
Accumulated Deferred Investment Tax Credits	(1,810)	242	(1,568)
Rate Base - Total	459,146	$37,254	$496,400

Orange & Rockland Utilities, Inc.
Electric Department
Working Capital Allowance
For the Twelve Months Ending December 31, 2008
($000's)

	2007 As Reflected in Exhibit E-2	2008 Adjustments	2008 As Adjusted
M & S			
General & Common (Electric)	$3,983	$92	$4,075
Total Materials and Supplies	3,983	92	4,075
Prepayments			
Insurance	84	2	86
Property Taxes	5,708	49	5,757
PSC Assessment	494	11	505
Other	(503)	(12)	(514)
Total Prepayments	5,783	51	5,834
Cash Working Capital			
OPERATION & MAINTENANCE EXP.	397,608	2,382	399,990
LESS:			
PURCHASED POWER	248,410	13,816	262,226
UNCOLLECTIBLES	2,428	86	2,514
REGULATORY ITEMS (DEFERRED CHARGES)			
DEFERRED PURCHASED POWER	(2,451)	(54)	(2,505)
RESEARCH & DEVELOPMENT AMORTIZATION	950	-	950
STRAY VOLTAGE AMORTIZATION	2,549	(2,549)	-
STORM RESERVE AMORTIZATION	2,881	(2,881)	-
ENVIRONMENTAL REMEDIATION			
MGP AMORTIZATION DEFERRALS	2,540		2,540
WEST NYACK AMORTIZATION	90		90
REGULATORY ITEMS (DEFERRED CREDITS)			
MEDICARE PART D	(1,112)		(1,112)
1ST INSTALLS - TRANSFORMERS	(1,695)	1,695	-
OIL SUPPLIER REFUNDS	(577)	577	-
DSM OVERRECOVERIES	(923)	923	-

Orange & Rockland Utilities, Inc.
Electric Department
Rate Base
For the Twelve Months Ending December 31, 2009
($000's)

	2008 As Reflected in Exhibit E-6	2009 Adjustments	2009 As Adjusted
Utility Plant:			
Book Cost of Plant	$854,047	$75,684	$929,731
Accumulated Reserve for Depreciation	(300,419)	(21,903)	(322,322)
Net Plant	553,628	53,781	607,409
Non-Interest Bearing CWIP	8,046	-	8,046
Working Capital	26,820	392	27,212
Regulatory Assets / (Liabilities):			
Deferred R& D Expenditures (Net of FIT)	927	(618)	309
Deferred Purchased Power (Net of FIT)	3,107	54	3,161
Deferred M.T.A. Surtax - (Net of Fit)	(236)	-	(236)
Deferred Low Income Program (Net of FIT)	-	-	-
Deferred Storm Reserve Expenditures (Net of FIT)	-	-	-
Deferred Environmental Expenditures (Net of Tax)	325	-	325
Accrued Pension Liability - Rate Base Imputation	(6,403)	-	(6,403)
Customer Advances for Construction (Net of FIT)	(161)	-	(161)
Accumulated Deferred FIT			
Accum. Deferred FIT - ACRS / ADR	(70,731)	(1,888)	(72,619)
Accum. Deferred FIT - 263(A) Capitalized Overheads	(13,242)	493	(12,749)
Accum. Deferred SIT	(4,697)	(558)	(5,255)
SIT Benefit - Pre 2000	379	-	379
Accum. Deferred MTA	206	-	206
Accumulated Deferred Investment Tax Credits	(1,568)	242	(1,326)
Rate Base - Total	496,400	51,898	548,298

Orange & Rockland Utilities, Inc.
Electric Department
Working Capital Allowance
For the Twelve Months Ending December 31, 2009
($000's)

Exhibit E-7
Schedule 10
Page 4 of 4

	2008 As Reflected in Exhibit E-6	2009 Adjustments	2009 As Adjusted
M & S			
General & Common (Electric)	$4,075	$90	$4,164
Total Materials and Supplies	4,075	90	4,164
Prepayments			
Insurance	86	2	88
Property Taxes	5,757	127	5,884
PSC Assessment	505	11	516
Other	(514)	(11)	(526)
Total Prepayments	5,834	129	5,963
Cash Working Capital			
Total Operation & Maintenance Expenses	399,990	(14,543)	385,448
LESS:			
PURCHASED POWER	262,226	(15,878)	246,348
UNCOLLECTIBLES	2,514	-	2,514
REGULATORY ITEMS (DEFERRED CHARGES)			
DEFERRED PURCHASED POWER	(2,505)	(54)	(2,559)
RESEARCH & DEVELOPMENT AMORTIZATION	950	-	950
STRAY VOLTAGE AMORTIZATION	-	-	-
STORM RESERVE AMORTIZATION	-	-	-
ENVIRONMENTAL REMEDIATION	-		
MGP AMORTIZATION DEFERRALS	2,540		2,540
WEST NYACK AMORTIZATION	90		90
REGULATORY ITEMS (DEFERRED CREDITS)			
MEDICARE PART D	(1,112)	-	(1,112)
1ST INSTALLS - TRANSFORMERS	-	-	-
OIL SUPPLIER REFUNDS	-	-	-
DSM OVERRECOVERIES	-	-	-
WORKING CAPITA Net	135,287	1,389	136,677
Cash Working Capital @ 1/8th	16,911	174	17,085
Total Working Capital	$ 26,819	$ 392	$ 27,212

Exhibit E-7
Schedule 11

Orange & Rockland Utilities, Inc.
Electric Department
Interest Synchronization
For the Twelve Months Ending December 31, 2008
($000's)

	2007 As Reflected in Exhibit E-4 and E-5	2008 Adjustments	2008 As Adjusted
Rate Base	$436,504	$37,254	$473,758
Interest Bearing CWIP (+)	3,344	-	3,344
Earnings Base	439,848	37,254	477,102
Embedded Cost of Debt	3.19%	3.19%	3.19%
Interest Deduction	$14,039	$1,189	$15,228

For the Twelve Months Ending December 31, 2009
($000's)

	2008 As Reflected in Exhibit E-6	2009 Adjustments	2009 As Adjusted
Rate Base	$473,758	$51,898	$525,656
Interest Bearing CWIP (+)	3,344	-	3,344
Earnings Base	477,102	51,898	529,000
Embedded Cost of Debt	3.19%	3.19%	3.19%
Interest Deduction	$15,228	$1,657	$16,885

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Exhibit E-8

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF SCHEDULES

Cost of Capital

SCHEDULE	TITLE OF SCHEDULE	WITNESS
1	Forecasted Consolidated Capitalization and Cost Rates	J. Perkins
2	Long-Term Debt - Actual June 30, 2006 Balance	"
3	Long-Term Debt - Average 2007 Balances	"

EXHIBIT E-8
SCHEDULE 1

ORANGE AND ROCKLAND UTILITIES, INC. & SUBSIDIARIES
FORECASTED CONSOLIDATED CAPITALIZATION AND COST RATES

Forecasted for the Thirteen Month Average Ended
December 31, 2007

	13 Month Average December 31,2007	Ratio	Cost Rate	Weighted Cost
Long term Debt				
ORU	410,536,337			
RECO	0			
Pike	3,200,000			
Total	413,736,337	49.805%	6.28%	3.13%
Customer Deposits				
ORU	11,705,000			
RECO	2,174,000			
Pike	104,000			
Total	13,983,000	1.683%	3.81%	0.06%
Common Equity				
Par	5,000			
Premium	216,173,900			
Retained Earnings	186,822,500			
Total	403,001,400	48.512%	11.63%	5.64%
Total Capitalization	830,720,737	100.000%		8.83%

ORANGE AND ROCKLAND UTILITIES, INC. AND SUBSIDIARIES
LONG TERM DEBT
Actual At June 30 2006

		Issue Date	Maturity Date	Amount Outstanding	Original Issue Amount	Premium or Discount	Expense of Issuance	Net Proceeds	Actual Cost of Money	Effective Annual Cost
Orange and Rockland Utilities, Inc.										
Debentures:										
Series F, 6.50%		12/18/97	12/1/27	80,000,000	80,000,000	0	901,750	79,098,250	6.59%	5 272,000
Series G, 7.00%		3/9/99	3/1/29	45,000,000	45,000,000	(693,900)	1,338,234	42,967,866	7.38%	3,321,000
Series A, 2000, 7.50%		6/12/00	6/15/10	55,000,000	55,000,000	(925,700)	204,220	53,870,080	7.80%	4,290,000
Series A, 2005, 5.30%		3/31/05	4/1/15	40,000,000	40,000,000	(80,000)	495,000	39,425,000	5.49%	2,196,000
				220,000,000					6.85%	15,079,000
Pollution Control Debt:										
1994, 6.09%		10/1/94	10/1/14	55,000,000	55,000,000	0	4,544,524	50,455,476	6.85%	3,767,500
1995, Variable Rate		8/1/95	8/1/15	44,000,000	44,000,000	0	3,571,683	40,428,317	3.63%	1,597,200
				99,000,000					5.42%	5,364,700
Sub Total ORU Debt				319,000,000					6.41%	20,443,700
Unamortized Debt Discount				(960,937)						
Total ORU				318,039,063						
Rockland Electric Company										
First Mortgage Bonds:										
Series J, 7.125%	Note A	2/4/97	2/1/07	0	0	0	0	0	0.00%	0
Sub Total RECO Debt				0						0
Unamortized Debt Discount				0						
Total RECO				0						
Pike County Light & Power Company										
First Mortgage Bonds:										
Series C, 7.07%		11/10/98	10/1/18	3,200,000	3,200,000	0	284,129	2,915,871	7.97%	255,040
Total Pike				3,200,000					7.97%	255,040
Consolidated Total										
Long Term Debt				322,200,000					6.42%	20,698,740
Unamortized Debt Discount				(960,937)						
Total Consolidated				321,239,063						

Note A RECO First Mortgage Bonds, Series J, $20 million, due 2/1/07 are excluded because they are due within one year and are not expected to be refinanced.

Exhibit E-8
Schedule 2

ORANGE AND ROCKLAND UTILITIES, INC. AND SUBSIDIARIES
LONG TERM DEBT
Forecast - Thirteen Months Ended December 31, 2007

Orange and Rockland Utilities, Inc.		Issue Date	Maturity Date	Amount Outstanding	Original Issue Amount	Premium or Discount	Expense of Issuance	Net Proceeds	Actual Cost of Money	Effective Annual Cost
Debentures:										
Series F, 6.50%		12/18/97	12/1/27	80,000,000	80,000,000	0	901,750	79,098,250	6.59%	5,272,000
Series G, 7.00%		3/9/99	3/1/29	45,000,000	45,000,000	(693,900)	1,338,234	42,967,866	7.38%	3,321,000
Series A, 2000, 7.50%		6/12/00	6/15/10	55,000,000	55,000,000	(925,700)	204,220	53,870,080	7.80%	4,290,000
Series A, 2005, 5.30%		3/31/05	4/1/15	40,000,000	40,000,000	(80,000)	495,000	39,425,000	5.49%	2,196,000
Series A, 2006, 5.45%		10/4/06	10/1/16	75,000,000	75,000,000	(136,500)	562,500	74,301,000	5.57%	4,177,500
Series A, 2007, 6.49%		9/1/07	9/1/17	17,500,000	60,000,000	0	900,000	59,100,000	6.70%	1,172,500
				312,500,000					6.54%	20,429,000
Pollution Control Debt:										
1994, 6.09%		10/1/94	10/1/14	55,000,000	55,000,000	0	4,544,524	50,455,476	6.85%	3,767,500
1995, Variable Rate		8/1/95	8/1/15	44,000,000	44,000,000	0	3,571,683	40,428,317	3.63%	1,597,200
				99,000,000					5.42%	5,364,700
Sub Total ORU Debt				411,500,000					6.27%	25,793,700
Unamortized Debt Discount				(963,663)						
Total ORU				410,536,337						
Rockland Electric Company										
First Mortgage Bonds:										
Series J, 7.125%	Note A	2/4/97	2/1/07	0	0	0	0	0	0.00%	0
Sub Total RECO Debt				0						0
Unamortized Debt Discount				0						
Total RECO				0						
Pike County Light & Power Company										
First Mortgage Bonds:										
Series C, 7.07%		11/10/98	10/1/18	3,200,000	3,200,000	0	284,129	2,915,871	7.97%	255,040
Total Pike				3,200,000					7.97%	255,040
Consolidated Total										
Long Term Debt				414,700,000					6.28%	26,048,740
Unamortized Debt Discount				(963,663)						
Total Consolidated				413,736,337						

Note A RECO First Mortgage Bonds, Series J, $20 million, due 2/1/07 are excluded because they are due within one year and are not expected to be refinanced.

Exhibit E-8
Schedule 3

9

Exhibit E-9

ORANGE AND ROCKLAND UTILITIES, INC.

INDEX OF SCHEDULES

General Inflation Factors

SCHEDULE	TITLE OF SCHEDULE	WITNESS
1	Projected Gross Domestic Product Price Index	R. A. Kane

EXHIBIT E-9

GDP Deflator-2000=100

Forecasts Prepared For 2006 CECONY Gas Rate Case

			Forecast			
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Mar. 31	108.2	111.6	115.0	117.6	120.3	123.0
Jun. 30	109.2	112.2	115.9	118.6	121.3	124.0
Sep. 30	109.7	113.1	116.0	118.6	121.4	124.0
Dec. 31	110.6	114.0	116.7	119.4	122.1	124.8
Average	109.4	112.7	115.9	118.5	121.3	123.9
Annual Average Year-over-year % change	2.6%	2.8%	2.5%	2.3%	2.3%	2.2%

Average 12 months Ending Dec. 31, 2005	(Actual)	=	112.7
Average 12 months Ending June 30, 2006	(Actual)	=	114.5
Average 12 months Ending Dec. 31, 2007	(Forecast)	=	118.5
Average 12 months Ending Dec. 31, 2008	(Forecast)	=	121.3
Average 12 months Ending Dec. 31, 2009	(Forecast)	=	123.9

Escalation rate for the 12 Months Ending 6/30/06 to the 12 Months Ending 12/31/07 - Rate Year 1	=	**1.035**
	or	**3.5%**
Rate Year 2 (increase over Rate Year 1)	=	**1.023**
	or	**2.3%**
Rate Year 3 (increase over Rate Year 2)	=	**1.022**
	or	**2.2%**