



Orange and Rockland Utilities, Inc.  
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April 27, 2006

*Via DHL Express*

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

Re: Case 03-E-0641 - Proceeding on Motion of the Commission  
Regarding Expedited Implementation of Mandatory Hourly  
Pricing for Commodity Service

Dear Secretary Brillling:

Orange and Rockland Utilities, Inc. (the "Company") hereby submits for filing five copies of the tariff leaves identified in Appendix A reflecting revisions to its Schedule for Electric Service, P.S.C. No. 2 – Electricity ("Electric tariff").

This filing is being made in compliance with the Commission's "Order Denying Petitions for Rehearing and Clarification in Part and Adopting Mandatory Hourly Pricing Requirements" ("Order") issued April 24, 2006, in the above referenced proceeding.

Pursuant to ordering clause 4 of the Order, the tariff leaves are issued April 28, 2006 to become effective May 1, 2006, on a temporary basis<sup>1</sup>.

#### Summary of Tariff Modifications

The enclosed tariff leaves reflect the following modifications to O&R's Electric tariff to implement mandatory day-ahead hourly pricing ("DAHP") in accordance with the Commission's Order.

1. Rider M "Real Time Pricing" applicable to demand metered customers electing voluntary hourly pricing reflects the following changes:
  - (a) The title of Rider M has been changed to "Voluntary Day-Ahead Hourly Pricing" ("DAHP") to distinguish it from the mandatory DAHP program and a

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<sup>1</sup> Mandatory DAHP billing shall commence with bills having a "from-date" on or after May 1, 2006.

corresponding change has been made to the "Table of Contents" to reflect the title change.

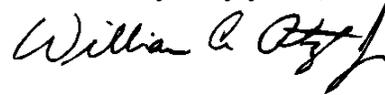
- (b) Reference to Service Classifications ("SC") Nos. 9, 22, and Rates 1 and 2 of SC No. 25 have been removed from the "Eligibility" provision of Rider M since these customers will be subject to mandatory DAHP.
  - (c) Pursuant to the Order, Rider M has been revised to allow customers receiving an allocation of economic development power from NYPA for less than their total requirements to elect voluntary DAHP for the balance of the load supplied by the Company.
  - (d) The "Applicable Rates" section of Rider M, specifically sub-paragraph "b", has been revised to state that customers electing voluntary DAHP shall be subject to the rates applicable to mandatory DAHP found in General Information Section 14 of the Electric tariff.
- (2) The existing language in General Information Section 14 "Market Supply Charge" of the Electric tariff has been revised to reflect the implementation of mandatory DAHP. In addition, a new section entitled "Mandatory Day-Ahead Hourly Pricing ("DAHP")" has been added to General Information Section 14. The new section sets forth (1) the "Applicability" of the mandatory DAHP program, (2) the applicable "Charges", which includes hourly "Energy Charges" per kWh based upon the NYISO day-ahead market prices for Zone G, an "Adder" per kWh for ancillary services and other non-energy costs, and a "Capacity Charge" per kW based on the customer's assigned capacity obligation stated in kilowatts, and (3) language regarding the daily "Posting of Energy Charges" on the Company's website for customers to access day-ahead hourly pricing information and the energy charges to be used by the Company for billing purposes.
- (3) Pursuant to the Order, the filed tariff leaves describe in detail the charges to be billed to customers under mandatory DAHP.
- (4) Pursuant to the Order, the Company has added language to the "Applicability" provision of mandatory DAHP in General Information Section 14 that allows customers to switch to an ESCO at any time for their electric power supply requirements.
- (5) A conforming change has been made to Rider G "NYPA - EDP Delivery Service Rider" and Rider J "NYPA - Power for Jobs (PFJ) Service Rider" of the Electric tariff to reflect the change described in 1(c) above.

Notice

The Company respectfully requests waiver from the requirement of Section 66(12) of the Public Service Law as to newspaper publication on the basis that all customers affected by the changes have been provided notice through the Company's education and outreach efforts.

Any questions regarding this filing can be directed to me at (212) 460-3308.

Very truly yours,

A handwritten signature in black ink, appearing to read "William A. Atzl, Jr.", written in a cursive style.

William A. Atzl, Jr.  
Director – O&R Rates

c: Active Parties (via e-mail)

**APPENDIX A - Mandatory DAHP Effective May 1, 2006**

**P.S.C. No. 2 Electricity**

Leaf 2B	Revision 25
Leaf 22L-1	Revision 8
Leaf 22L-2	Revision 2
Leaf 22L-11	Revision 3
Leaf 22L-12	Revision 7
Leaf 22L-20	Revision 5
Leaf 22L-21	Revision 1
Leaf 22V	Revision 12
Leaf 22W	Revision 9
Leaf 22X	Revision 14
Leaf 22Y	Revision 14
Leaf 22Z	Revision 12

ORANGE AND ROCKLAND UTILITIES, INC.

25th REVISED LEAF NO. 2B  
 SUPESEDING 24th REVISED LEAF NO. 2B

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ISSUED: April 28, 2006

EFFECTIVE: May 1, 2006

ISSUED BY: John D. McMahon, President  
 Pearl River, New York 10965

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## ORANGE AND ROCKLAND UTILITIES, INC.

8th REVISED LEAF NO. 22L-1  
SUPERSEDING 7th REVISED LEAF NO. 22L-1**GENERAL INFORMATION****SERVICE CLASSIFICATION RIDERS: (Continued)****RIDER G (Continued)****RATE (Continued)**

Customers taking service hereunder will take and pay for service in accordance with the rates and charges contained in the service classification under which the customer would otherwise take service excluding the Market Supply Charge for electric power supply provided by the NYPA or an ESCO.

For that portion of the customer's electric power supply requirement provided by the Company, if any, the customer will be billed in accordance with the provisions of the applicable service classification including the Market Supply Charge, unless the customer elects Rider M.

For customers electing Rider M for that portion of the load, if any, served by the Company, the kWh to be billed under Rider M shall be determined hourly by multiplying the customer's hourly kWh use by the ratio of the demand supplied by the Company in the billing month to the customer's total demand for the billing month. The Capacity Obligation in kW to be billed under Rider M shall be equal to the customer's Capacity Obligation, determined in accordance with General Information Section No. 14 of this Rate Schedule, minus the demand supplied by the NYPA.

**BILLING**

For billing purposes, the demand and energy supplied by the NYPA and delivered by the Company shall be determined as follows:

The demand shall be equal to the smaller of a) the customer's registered monthly maximum demand, or b) the demand the NYPA has contracted to supply to the customer to be delivered by the Company.

The energy in kWh shall be equal to the product of the demand supplied by the NYPA times the hours' use of that demand during the billing period. The hours' use of the NYPA-supplied demand shall be equal to the hours' use of all demand supplied which shall be determined by dividing the total kWh used in the billing period by the maximum demand recorded for that billing period.

(Continued)

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ORANGE AND ROCKLAND UTILITIES, INC.

2nd REVISED LEAF NO. 22L-2  
SUPERSEDING 1st REVISED LEAF NO. 22L-2

**GENERAL INFORMATION**

**SERVICE CLASSIFICATION RIDERS: (Continued)**

**RIDER G (Continued)**

**BILLING (Continued)**

For customers taking service under any service classification with multiple rating periods the NYPA-supplied energy shall be determined as above for each of the rating periods except that the amount of the NYPA-supplied energy in any rating period shall not be greater than the total amount of energy used in that rating period.

For customers whose entire electric power supply requirement is not met by the NYPA, their supply will be supplemented by either the Company or an ESCO as determined by the customer.

**TERM**

The term of service hereunder shall be provided for in the customer's Application for Service.

**DEMAND-SIDE MANAGEMENT ELIGIBILITY**

Customers taking service hereunder in conjunction with service supplied by the Company shall be eligible to participate in the Company's Demand-Side Management programs as if all service were supplied by the Company.

(Continued)

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## ORANGE AND ROCKLAND UTILITIES, INC.

3rd REVISED LEAF NO. 22L-11  
 SUPERSEDING 2nd REVISED LEAF NO. 22L-11

**GENERAL INFORMATION****SERVICE CLASSIFICATION RIDERS****RIDER J** (Continued)**RATE**

For the purpose of this rider, customer's metered usage will be disaggregated as detailed in the Billing provision of this rider.

Customers who have designated a portion of their electric power supply requirements to be provided by the NYPA, shall be permitted to select an ESCO, or the Company, to provide the remainder of their electric power supply.

Customers taking service hereunder will take and pay for service in accordance with the rates and charges contained in the service classification under which the customer would otherwise take service excluding the Market Supply Charge for electric power supply provided by the NYPA or an ESCO.

For that portion of the customer's electric power supply requirement provided by the Company, if any, the customer will be billed in accordance with the provisions of the applicable service classification including the Market Supply Charge, unless the customer elects to be billed under Rider M.

For customers electing Rider M for that portion of the load, if any, served by the Company, the kWh to be billed under Rider M shall be determined hourly by multiplying the customer's hourly kWh use by the ratio of the demand supplied by the Company in the billing month to the customer's total demand for the billing month. The Capacity Obligation in kW to be billed under Rider M shall be equal to the customer's Capacity Obligation, determined in accordance with General Information Section No. 14 of this Rate Schedule, minus the demand supplied by the NYPA.

If the Company incurs incremental administrative costs in providing PFJ service to customers, the incremental costs will be reflected, and therefore increase, the Customer Charge.

(Continued)

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**GENERAL INFORMATION**

**SERVICE CLASSIFICATION RIDERS**

**RIDER J (Continued)**

**BILLING**

For billing purposes, the demand and energy to be supplied by the NYPA shall be determined as follows:

The demand shall be equal to the lesser of: (a) the customer's registered monthly maximum demand, or (b) the demand the NYPA has contracted to supply to the customer.

The energy, in kWh, shall be equal to the product of the demand supplied by the NYPA times the hours' use of that demand during the billing period. The hours' use of the NYPA-supplied demand shall be equal to the hours' use of all demand supplied, which shall be determined by dividing the customer's total kWh consumption in the billing period by the maximum demand recorded in that billing period.

For customers taking service under any service classification with multiple rating periods, the NYPA-supplied energy shall be determined as above for each rating period except that the NYPA-supplied energy so determined in any rating period shall not be greater than the total amount of energy used in that rating period.

**TERM**

The term of service for each customer is the term provided by the contract between the customer and NYPA, provided that if the customer's allocation is partially or completely withdrawn during the term, the term or amount of service under this Rider will be adjusted accordingly. The customer may initiate a new term of service under this Rider if its contract with NYPA is extended.

(Continued)

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## ORANGE AND ROCKLAND UTILITIES, INC.

5th REVISED LEAF NO. 22L-20  
SUPERSEDING 4th REVISED LEAF NO. 22L-20**GENERAL INFORMATION****SERVICE CLASSIFICATION RIDERS****RIDER M****Voluntary Day-Ahead Hourly Pricing (DAHP)****Eligibility**

Any demand metered customer purchasing electric power supply from the Company under Service Classification Nos. 2, 3, 20, 21, or 25 (Rates 1 and 2) of this Schedule with its entire service measured by one or more interval meters, shall be eligible to take and pay for service under this Rider. Customers taking service under Rider I of this Schedule are not eligible for this Rider.

**Term of Service**

A customer may commence service under this Rider as of the customer's next scheduled meter reading date upon written notice to the Company at least 15 days before such date. Customers without interval meters that request meter upgrades to interval meters may commence service hereunder as of the customer's first scheduled meter reading date occurring after such notice period and the completion of the installation of the interval meter(s) and any associated customer wiring and telecommunication facilities. The minimum term of service under this Rider shall be one year and shall renew automatically for subsequent one-year periods unless the customer gives written notice at least 15 days prior to the end of any one-year term. Customers terminating service under this Rider shall thereafter be ineligible for service hereunder for one year following termination. Service will be terminated as of the customer's first scheduled meter reading after the required notice period.

**Applicable Rates**

A customer receiving service under this Rider will be subject to the following rates and charges.

- (a) The customer will be subject to the rates and charges of the customer's applicable Service Classification except the Market Supply Charge.
- (b) The customer shall be subject to DAHP "Charges" applicable to customers subject to mandatory DAHP as set forth in General Information Section 14 of this Rate Schedule.
- (c) Other: Customers served under this Rider will be subject to all other terms and conditions of the Service Classification under which service is taken.

(Continued)

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ORANGE AND ROCKLAND UTILITIES, INC.

1st REVISED LEAF NO. 22L-21  
SUPERSEDING ORIGINAL LEAF NO. 22L-21

**GENERAL INFORMATION**

**SERVICE CLASSIFICATION RIDERS**

**RIDER M**

**Voluntary Day-Ahead Hourly Pricing (DAHP) (Continued)**

**Special Provisions**

- (a) Hourly prices for electric power supply shall be posted by the Company on an internet website. Participating customers shall be responsible for obtaining price information from the website.
- (b) Metering: Each customer's entire service must be measured by one or more interval meters, and customers must maintain any associated control wiring in good working order. If the customer's service is not measured by one or more interval meters, provided in connection with other Company service requirements, the customer shall arrange for the furnishing and installation of interval metering with telecommunications capability, and arrange for telecommunications service, at the customer's sole expense, net of any available discount or rebate for metering equipment.

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## ORANGE AND ROCKLAND UTILITIES, INC.

12th REVISED LEAF NO. 22V  
SUPERSEDING 11th REVISED LEAF NO. 22V**GENERAL INFORMATION****14. MARKET SUPPLY CHARGE ("MSC")**

The Company will provide electric power supply to all customers who: (1) choose to have their entire electric power supply requirement provided by the Company, or (2) are not offered Retail Access Service by an ESCO, or (3) return to the Company's service after having been previously supplied by an ESCO, or (4) contract for their electric power supply with an ESCO that fails to deliver. The Market Supply Charge ("MSC") shall be used to recover all costs associated with purchasing energy, capacity and ancillary services incurred by the Company in providing electric power supply to the above-referenced customers. Such costs shall also include costs associated with Non-Utility Generator ("NUG") contracts and costs/benefits associated with hedging instruments. Costs associated with NUG contracts to be recovered through the MSC shall be limited as described in (b) below. Costs/benefits associated with hedging instruments (e.g., transaction costs, such as option premiums, costs of providing credit support and margin requirements, professional fees, and gains and losses associated with such transactions made in the commodities exchanges and with other counterparties) shall be allocated as described in (c) below. The MSC shall also be used to recover (1) the lost delivery service revenue associated with Rider K and Rider M, and (2) implementation costs, including costs for enabling technologies, associated with Rider M and mandatory DAHP. The MSC shall be reduced by any penalty amounts received from customers under Rider K, in excess of penalty amounts paid by the Company to the NYISO under the NYISO's Day Ahead Demand Reduction Program.

**MARKET SUPPLY CHARGE**

The MSC is applicable to customers receiving electric power supply from the Company under Service Classifications Nos. 1, 2, 3, 4, 5, 16, 19, 20, 21 and 25 (Rates 1 and 2) and under Riders G and J. The MSC does not apply to customers electing voluntary DAHP under Rider M.

The MSC, determined monthly for each service classification, shall be equal to the Total MSC Cost divided by estimated kilowatt hour sales for the month and rounded to the nearest \$0.00001 per kWh. Estimated sales will be the Company's most current forecast of sales, by service classification, for customers purchasing electric power supply from the Company.

The Total MSC Cost shall be equal to the sum of (a) the Base MSC Cost, (b) the MSC Adjustment, (c) the Hedging Adjustment, and (d) the MSC Reconciliation Adjustment.

(Continued)

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## ORANGE AND ROCKLAND UTILITIES, INC.

9th REVISED LEAF NO. 22W  
 SUPERSEDING 8th REVISED LEAF NO. 22W

**GENERAL INFORMATION**

**14. MARKET SUPPLY CHARGE ("MSC") (Continued)**

**MARKET SUPPLY CHARGE (Continued)**

a) Base MSC Cost

The Base MSC Cost is developed for each applicable service classification by multiplying an estimate of the Company's current month's electric power supply sales by the Base MSC Rate. The Base MSC Rate has been established using the results of the Company's Embedded Cost of Service Study as approved by the Commission in Case 96-E-0900. The Base MSC Rate will remain in effect until changed as approved by the Commission.

b) MSC Adjustment

The MSC Adjustment reflects the difference between the current monthly estimate of total electric power supply costs, excluding costs/benefits associated with hedging instruments, and the Base MSC Cost. Costs associated with NUG contracts included in the current monthly estimate of the total electric power supply costs shall be limited. Estimated costs associated with NUG contracts to be included will be calculated by multiplying the estimated amount of energy purchases from NUGs, in kWh, by the estimated monthly average cost per kWh for purchased energy excluding NUGs. The difference is allocated to each service classification based on the Base MSC Cost.

c) Hedging Adjustment

The Hedging Adjustment reflects the costs/benefits associated with hedging instruments. The costs/benefits associated with hedging instruments will be allocated to each applicable service classification based on the Base MSC Cost associated with each service classification.

(Continued)

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## ORANGE AND ROCKLAND UTILITIES, INC.

14th REVISED LEAF NO. 22X  
SUPERSEDING 13th REVISED LEAF NO. 22X

## GENERAL INFORMATION

## 14. MARKET SUPPLY CHARGE ("MSC") (Continued)

## MARKET SUPPLY CHARGE (Continued)

d) MSC Reconciliation Adjustment

The Reconciliation Adjustment is determined by taking the difference between the actual Total MSC Cost incurred each month by the Company, including costs associated with Rider M and customers subject to mandatory DAHP, and the actual amount recovered through the MSC and through the DAHP charges assessed under Rider M and under mandatory DAHP. The Reconciliation Adjustment will be developed on a two-month lag.

e) Actual Monthly Total MSC Costs

The actual monthly Total MSC Cost will include all costs associated with purchasing energy, capacity, and ancillary services incurred by the Company in providing electric power supply including costs associated with Non-Utility Generator ("NUG") contracts and costs/benefits associated with hedging instruments. Costs associated with NUG contracts to be included in the actual Total MSC Cost will be calculated by multiplying the amount of energy purchased from the NUGs, in kWh, by the actual monthly average cost per kWh for purchased energy excluding NUGs. The actual monthly Total MSC cost will also include (1) the lost delivery service revenue associated with Rider K and Rider M, and (2) implementation costs, including costs for enabling technologies, associated with Rider M and mandatory DAHP. The actual monthly Total MSC Cost shall be reduced by any penalty amounts received from customers under Rider K, in excess of penalty amounts paid by the Company to the NYISO under the NYISO's Day Ahead Demand Reduction Program.

The actual monthly Total MSC Cost will be allocated to each applicable service classification using the embedded cost of service methodology contained in the Settlement Agreement On Rate Design and Other Related Issues, approved by the Commission in its Opinion and Order Establishing Unbundled Rates issued and effective February 4, 1999 in Case 96-E-0900, except for costs/benefits associated with hedging instruments which shall be allocated as specified in (c) above.

(Continued)

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## ORANGE AND ROCKLAND UTILITIES, INC.

14th REVISED LEAF NO. 22Y  
SUPERSEDING 13th REVISED LEAF NO. 22Y

## GENERAL INFORMATION

## 14. MARKET SUPPLY CHARGE ("MSC") (Continued)

## MANDATORY DAY-AHEAD HOURLY PRICING ("DAHP")

a) Applicability

Mandatory DAHP is applicable to customers receiving power supply from the Company under Service Classifications Nos. 9, 22, and 25 (Rates 3 and 4). Mandatory DAHP is not applicable to customers taking service under Rider G, Rider I, or Rider J of this Rate Schedule. Mandatory DAHP is applicable to customers' bills having a "from" date on or after May 1, 2006. A Customer may elect at any time to have its electric power supply provided by an ESCO in accordance with Rider I of this Rate Schedule.

b) ChargesEnergy Charges (per kWh)

Customers shall be subject to hourly energy charges for electric power supply set each hour of each day of the year. The energy component of such hourly energy charge will be equal to the New York Independent System Operator's ("NYISO") day-ahead Locational Based Marginal Price for Zone G.

Adder (per kWh)

Customers shall be subject to a charge per kWh associated with the costs for the non-energy components of electric power supply (e.g., ancillary services and any other non-energy costs) equal to the costs for such components included in the forecast component of the Market Supply Charge. Such Adder shall be shown on the "Statement of Market Supply Charge" filed each month with the Public Service Commission.

The sum of the Energy Charge and Adder shall be adjusted for losses using the loss factors set forth in General Information Section No. 24.

Capacity Charge (per kW of Capacity Obligation)

Customers shall be subject each month to a Capacity Charge per kilowatt of Capacity Obligation, as determined below. The Capacity Charge shall be based on the pre-capability period strip auction price paid by the Company for the capacity it purchases from the NYISO for Zone G prior to the start of each summer and winter capability period. Such capacity charge shall be shown on the "Statement of Market Supply Charge" filed each month with the Public Service Commission.

(Continued)

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## ORANGE AND ROCKLAND UTILITIES, INC.

12th REVISED LEAF NO. 22Z  
SUPERSEDING 11th REVISED LEAF NO. 22Z**GENERAL INFORMATION****14. MARKET SUPPLY CHARGE ("MSC") (Continued)****MANDATORY DAY-AHEAD HOURLY PRICING ("DAHP") (Continued)**b) Charges (Continued)Capacity Charge (Continued)

The customer's Capacity Obligation, in kilowatts, is determined by the Company no less frequently than once per year. The Capacity Obligation for existing customers or for new customers utilizing an existing building or premise is based upon the customer's share of the overall summer peak load assigned to the Company by the NYISO as adjusted by NYISO assigned capacity related factors. The Capacity Obligation for customers taking service in a new facility, as determined by the Company, is based upon the load requirements, as estimated by the Company, of the customer's building or premise.

c) Posting of Hourly Energy Charges

The hourly energy charges for electric power supply, including the Adder, shall be posted by the Company on an internet website. All customers subject to DAHP will be responsible for obtaining price information from this website and will be billed based upon the hourly charges posted on this website.

**STATEMENT OF MARKET SUPPLY CHARGE**

A Market Supply Charge shall be determined monthly to be effective for service rendered during the following billing month. The MSC so determined shall remain in effect until changed as authorized by the Commission.

Not less than three business days prior to a proposed change in the MSC, a "Statement of Market Supply Charge" ("Statement") showing the MSC for each applicable service classification, the DAHP Adder and Capacity Charge, and the effective date of such Statement, will be filed with the Commission, apart from this Schedule. Such Statement shall be available to the public at Company offices at which applications for service may be made.

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