



Orange and Rockland Utilities, Inc.
4 Irving Place
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www.oru.com

March 6, 2007

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

Dear Secretary Brilling:

Orange and Rockland Utilities, Inc. hereby transmits for electronic filing its Statement of Increase in Rates and Charges No. RTS-32 to its Schedule for Gas Service P.S.C. No. 4 – Gas (“Gas tariff”). Under separate cover, the Company also filed its Statement of Increase in Rates and Charges No. RTS-86 to its Schedule for Electric Service, P.S.C. No. 2 - Electricity. These Statements are issued March 6, 2007 to become effective April 1, 2007.

This filing is made in accordance with the Company's Gas tariff, Section 15 of P.S.C. No. 4 - Gas, which provides for the Company's recovery of the tax expense imposed by the temporary Metropolitan Transportation Authority Business Tax Surcharge pursuant to New York State Tax Law Sections 209-b and 186-c. A revised surcharge is filed annually to be effective for the fiscal period April 1 through March 31.

The gas MTA surcharge factor set forth in the Statement of Increase in Rates and Charges No. RTS-32 reflects: (1) the MTA tax expense on the estimated 2006 New York State Net Income Tax, (2) the MTA tax expense on the 2006 Gross Income Tax, and (3) the reconciliation of the MTA tax expense on the actual 2005 New York State Net Income Tax with the MTA tax expense on the estimated 2005 New York State Net Income Tax that was included in the Company's March 10, 2006 MTA tax filing with the Commission.

Work papers detailing the determination of the proposed MTA Tax electric and gas surcharge factors are being submitted with the Company's electric filing.

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

Very truly yours,

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