



October 30, 2009

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

RE: Case No. 08-G-1398, Proceeding on Motion of the
Commission as to the Rates, Charges, Rules and
Regulations of Orange and Rockland Utilities, Inc. for Gas
Service

Dear Secretary Brillig:

Orange and Rockland Utilities, Inc. (the "Company") hereby submits for filing tariff leaves and Statement No. RDM-1 reflecting revisions to its Schedule for Gas Service, P.S.C. No. 4 – GAS ("Gas Tariff").

Statement No. RDM-1 and the tariff leaves set forth in Appendix A to this letter, and filed electronically today, become effective on November 1, 2009.

This filing is made in compliance with the Commission's Order Adopting Joint Proposal and Implementing a Three-Year Rate Plan, issued October 16, 2009, in Case No. 08-G-1398 ("Rate Order"). In the Rate Order, the Commission approved the terms of a gas rate plan for the Company for the period November 1, 2009 through October 31, 2012 ("Gas Rate Plan"). Rate Year One of the Gas Rate Plan covers the twelve-month period ending October 31, 2010, Rate Year Two covers the twelve-month period ending October 31, 2011, and Rate Year Three covers the twelve-month period ending October 31, 2012.

Summary of Tariff Modifications

The enclosed tariff leaves reflect the following modifications to the Gas Tariff in accordance with the Rate Order.

1. The Table of Contents section of the Gas Tariff has been modified to add General Information Section No. 25, Revenue Decoupling Mechanism Adjustment.
2. General Information Section No. 6.5, "Rendering of Bills", specifically Section No. 6.5(2)(B) relating to the rendering of bills to customers participating in the Company's Gas Transportation Service Program under the Utility Single Billing Service option, has been revised to: (1) add a Credit and Collections Costs component to the Purchase of Receivables ("POR") Discount Percentage; (2) change the methodology for setting the Uncollectibles Percentage component of the POR Discount Percentage from a thirty-six month to a twelve-month average for the period ended the previous May 31 for Rate

- Year One and ended the previous June 30 for Rate Years Two and Three; and (3) establish a POR Discount Percentage of 0.954 percent for Rate Year One.
3. General Information Section No. 6.16, Low Income Program, has been modified to reflect an increase in the monthly bill credit from \$7.00 to \$8.40 effective November 1, 2009, \$9.94 effective November 1, 2010, and \$11.63 effective November 1, 2011.
 4. General Information Section Nos. 9.14(C) and 9.14(E), Restoration of Service, have been modified to reflect a waiver of the reconnection fee for any gas customer who receives a HEAP grant.
 5. The Factor of Adjustment, reflecting gas lost and unaccounted for, set forth in General Information Section No 12.1(A) has been updated. Specifically, the Factor of Adjustment will be fixed at 1.0186 for the term of the Gas Rate Plan.
 6. General Information Section Nos. 12.1(C) and 12.1(D) have been revised to reflect the shift of balancing costs from the Gas Supply Charge ("GSC") to the Monthly Gas Adjustment ("MGA").
 7. General Information Section No. 12.2(B), Transition Adjustment for Competitive Services ("TACS"), has been modified as follows.
 - The Merchant Function Charge ("MFC") Fixed Component Lost Revenue target has been revised to reflect the new levels of the competitive supply-related MFC component and the credit and collections MFC component. In addition, the MFC Fixed Component lost revenue target has been modified to remove the credit and collections amount that will be recovered through the POR Discount Percentage.
 - A new component, Credit and Collections Lost Revenue Associated with Retail Access, has been added to the TACS to recover lost revenue associated with credit and collections costs recovered through the POR Discount Percentage. This component is equal to the target level of credit and collections costs reflected in the POR Discount Percentage minus revenues received through the credits and collections component of the POR Discount Percentage.
 - The component to recover the cost of enabling technologies has been eliminated from the TACS since the cost of billing system modifications necessary to implement unbundled charges has been recovered.
 8. General Information Section No. 12.2(C), Credit/Surcharge for Sharing of Benefits, has been modified to reflect the fact that the revenue imputation for interruptible benefits¹ has been reset at \$2.3 million for each of the twelve-month periods ending October 31, 2010, 2011 and 2012. The imputation for power generation benefits will remain at its current level of \$650,000 for each of the twelve-month periods ending October 31, 2010, 2011 and 2012.

¹ Interruptible benefits shall be defined as total interruptible (SC3 and 8), firm withdrawable (SC9 and 10) and firm dual fuel (SC5) revenues minus any associated gas costs and revenue tax surcharge revenues. SC10 capacity revenues are not included in the imputation for interruptible benefits and 100% of amounts received by the Company are passed back to firm sales customers through the GSC.

9. General Information Section No. 12.2(D), Gas in Storage Working Capital, has been modified to reflect the change in the relationship between sales-related and reliability/balancing-related cost recovery rates and a change in carrying charge.

The Company's mechanism for recovery of gas in storage working capital costs will continue to consist of two components, a sales-related component assessed on Service Classification Nos. 1 and 2 customers through the MFC and a reliability/balancing component assessed on Service Classification No. 1, 2 and 6 customers through the MGA. The sales-related per Ccf rate will be set at two times the reliability/balancing-related per Ccf rate in Rate Year One, at 1.5 times the reliability/balancing-related per Ccf rate in Rate Year Two, and equal to the reliability/balancing-related rate in Rate Year Three and thereafter.

Also, the carrying charge used in the determination of monthly storage working capital costs will be the Company's authorized pre-tax rate of return on the base storage level and the Commission's Other Customer Capital Rate on the monthly amounts above the base storage level. The base storage level is defined as the lowest monthly balance excluding winter bundled sales storage gas.

10. General Information Section No. 12.2(H), Temporary Surcharge, has been modified to reflect the Rate Year Three Temporary Surcharge associated with the levelized rate increase approved by the Commission in the Rate Order ("Option B").
11. A new General Information Section No. 12.2(I), Balancing Charge, has been established to reflect the recovery of costs associated with balancing assets from all Service Classification Nos. 1, 2 and 6 customers through a common cents per Ccf component in the MGA.
12. General Information Section No. 12.3, Weather Normalization Adjustment, has been revised as follows.
- For the term of the Gas Rate Plan, normal heating degree days will be defined as the average for the 30 calendar years ended December 31, 2007.
 - The deadband has been eliminated from the Weather Normalization Adjustment mechanism.
13. General Information Section No. 12.4, Merchant Function Charge, has been revised as follows.
- The separate MFCs applicable to Service Classification No. 6 customers whose marketers participate in the Company's POR program have been eliminated effective November 1, 2009. Credit and collections-related costs, previously recovered from Service Classification No. 6 customers through the MFC, will be recovered from marketers through the POR discount effective November 1, 2009.
 - Fixed MFC components for Rate Years One, Two and Three have been set forth in this section of the Gas Tariff.
 - The description of the uncollectibles percentage has been revised to indicate that it will be reset annually, effective November 1, based on the Company's actual uncollectibles experience applicable to all electric and gas POR-eligible

customers for the twelve-month period ended the previous May 31 for Rate Year One and ended the previous June 30 for Rate Years Two and Three.

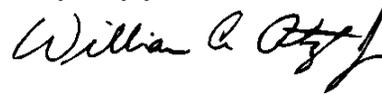
14. General Information Section No. 15.4 has been revised to reflect the elimination of the balancing fee from Service Classification No. 6.
15. Riders B and C have been revised to:
 - reflect increased delivery charges in accordance with Option B;
 - indicate that the Revenue Decoupling Mechanism ("RDM") Adjustment does not apply to customers taking service under these riders; and
 - remove references to balancing service options for customers that would be otherwise eligible for service under Service Classification No. 6.
16. General Information Section No. 25 has been added to the Gas Tariff to implement an RDM Adjustment. The RDM Adjustment is applicable to Service Classification Nos. 1, 2 and 6, except for customers taking service under Riders B and C.
17. Service Classification Nos. 1 and 2 have been revised to:
 - reflect increased delivery charges in accordance with Option B; and
 - indicate the applicability of the RDM Adjustment.
18. Service Classification No. 6 has been revised to:
 - reflect increased delivery charges in accordance with Option B;
 - change the name of the Balancing Service Option to Standard Service Option;
 - eliminate the existing balancing fee applicable only to certain Service Classification No. 6 customers;
 - eliminate the applicability of the MFC; and
 - indicate the applicability of the RDM Adjustment.
19. Service Classification No. 8 has been revised to:
 - establish limits on the Base Charge of 6.5 cents per Ccf for Rate Year One, 6.9 cents per Ccf for Rate Year Two, and 7.2 cents per Ccf for Rate Year Three; and
 - reflect an additional, lower-priced, rate block, which will not exceed 4.3 cents per Ccf for the term of the Gas Rate Plan, for usage in excess of 200,000 Ccf per month.
20. Service Classification No. 11 has been revised to:
 - indicate that the Rollover Option will be discontinued effective November 1, 2011;
 - change the name of the Balancing Service Option to Standard Service Option; and
 - eliminate references to firm transportation charges from the description of the monthly charge for Winter Bundled Sales gas under Winter Bundled Sales Service Option.

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The Company will publish notice of this filing in accordance with ordering clause 3 of the Rate Order.

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, Case No. 08-G-1398 (via email)

Orange & Rockland Utilities Inc.Case 08-G-1398 - Rates Effective November 1, 2009APPENDIX AP.S.C. No. 4 Gas

Leaf 3	Revision 8	Leaf 94.17	Revision 5
Leaf 4.1	Revision 1	Leaf 113.1	Revision 1
Leaf 33.3	Revision 8	Leaf 113.2	Revision 1
Leaf 33.4	Revision 2	Leaf 113.3	Revision 0
Leaf 47	Revision 5	Leaf 113.4	Revision 0
Leaf 61	Revision 4	Leaf 114	Revision 19
Leaf 72	Revision 14	Leaf 115	Revision 13
Leaf 73	Revision 17	Leaf 116	Revision 21
Leaf 73.1	Revision 1	Leaf 117	Revision 11
Leaf 74	Revision 7	Leaf 129	Revision 14
Leaf 75	Revision 8	Leaf 130	Revision 19
Leaf 76	Revision 7	Leaf 130.1	Revision 3
Leaf 79.1	Revision 3	Leaf 131	Revision 10
Leaf 79.2	Revision 3	Leaf 132	Revision 10
Leaf 80	Revision 12	Leaf 133	Revision 22
Leaf 80.1	Revision 14	Leaf 137.1	Revision 11
Leaf 80.2	Revision 11	Leaf 137.2	Revision 8
Leaf 80.3	Revision 14	Leaf 138	Revision 15
Leaf 80.3.1	Revision 2	Leaf 138.1	Revision 14
Leaf 80.3.2	Revision 0	Leaf 138.2	Revision 2
Leaf 80.4	Revision 4	Leaf 152.1	Revision 13
Leaf 81	Revision 9	Leaf 152.2	Revision 14
Leaf 81.1	Revision 7	Leaf 152.3	Revision 4
Leaf 82	Revision 9	Leaf 153	Revision 11
Leaf 93	Revision 3	Leaf 154.1	Revision 5
Leaf 94.9	Revision 6	Leaf 155	Revision 14
Leaf 94.10	Revision 6	Leaf 156	Revision 9
Leaf 94.11	Revision 7		
Leaf 94.14	Revision 3		
Leaf 94.16	Revision 9		