



Orange and Rockland Utilities, Inc.
4 Irving Place
New York NY 10003-0987
www.oru.com

August 25, 2009

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

RE: Case No. 09-M-0311 - Implementation of Chapter 59 of the Laws
of 2009 Establishing a Temporary Annual Assessment Pursuant
to Public Service Law §18-a(6)

Dear Secretary Brilling:

Orange and Rockland Utilities, Inc. (the "Company") hereby submits for electronic filing its Statement of Temporary State Assessment Surcharge No. TSAS-2, to become effective on September 1, 2009.

In its June 30, 2009 filing ("June 30th filing"), made in compliance with the Commission's Order Implementing Temporary State Assessment, issued June 19, 2009, in the above-referenced case the Company established a Temporary State Assessment Surcharge ("TSAS"). The TSAS is set to recover any Public Service Law §18-a amounts required to be collected above the amount in base rates for each State Fiscal Year (April through March) commencing Fiscal Year 2009-2010, including an adjustment for uncollectible expenses and working capital costs. Public Service Law §18-a amounts to be recovered are to be reconciled with actual amounts recovered, and any difference is to be reflected in a subsequent annual TSAS.

The Company's 18-a assessment applicable to its gas service was determined based on calendar year 2008 revenues, including a estimate of ESCO revenues associated with retail access service. However, due to an incorrect classification of company revenues reported as gas sales for resale and transmission revenues, the calculated 18-a assessment was understated. The revised 18-a assessment that will be recovered from customers through the TSAS is \$7,851,322. This amount is based on 2008 revenues of \$415,890,295, including an ESCO revenue estimate of \$161,760,394. This revision results in an updated TSAS for each service classification, designed to recover the revised 18-a assessment by the end of the recovery period (June 30, 2010). The revised surcharges are included in the attached Statement No. TSAS-2.

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

Very truly yours,

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