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..TXT:

December 10, 2002

**ORANGE AND ROCKLAND UTILITIES, INC.**  
**4 Irving Place**  
**New York, NY 10003**

Hon. Janet Deixler  
Secretary  
State of New York  
Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223

Re: Case 00-M-1556 - In the Matter of the Proposed Accounting and Ratemaking  
for the Tax Law Changes Included in the 2000-2001 New  
York State Budget

Dear Secretary Deixler:

Orange and Rockland Utilities, Inc. ("O&R" or "the Company") hereby submits for filing its Statement of Increase in Rates and Charges No. RTS-17 to its Schedule for Gas Service, P.S.C. No. 4 - GAS, to become effective on January 1, 2003. By separate letter, the Company also filed its Statement of Increase in Rates and Charges No. RTS-70 to its Schedule for Electric Service, P.S.C. No. 2 - Electricity, to become effective January 1, 2003. Such filing also included the work papers showing the determination of the electric and gas State Income Tax Surcharge factors.

This filing is being made in compliance with the Public Service Commission's "Order Implementing Tax Law Changes On A Permanent Basis" ("the Order") issued June 28, 2001 in the above-referenced proceeding.

The electric and gas tax surcharge factors effective January 1, 2003 reflect (1) the lower Gross Receipts Tax rates imposed on commodity and delivery service revenues pursuant to the Order and (2) the estimated State Income Tax expenses for the taxable year ending December 31, 2003. The State Income Tax Surcharge factors also reflect the amounts authorized to be passed-back to customers during the taxable year 2003 related to the reconciliation of prior tax years<sup>1</sup>.

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

Sincerely,

William A. Atzl, Jr.  
Manager - Electric and Gas Rate Design

<sup>1</sup>Letters dated July 31, 2002 from the Director, Office of Accounting and Finance.