

..DID: 11622
..TXT:

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

March 31, 2000

Honorable Debra Renner
Acting Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Re: Case 99-G-1369 - Petition of New York Gas Group
for Permission to Establish a Voluntary State
Funding Mechanism to Support Medium to Long Term
Gas Research and Development (R&D) Programs.

Dear Acting Secretary Renner:

Orange and Rockland Utilities, Inc. (the "Company") hereby submits for filing the following tariff leaves proposing revisions to its Schedule for Gas Service P.S.C. No. 4 - GAS.

| | | |
|-------|----------|---|
| 80.2 | Revision | 0 |
| 133 | Revision | 9 |
| 133.1 | Revision | 5 |

These tariff leaves are issued March 31, 2000, to become effective May 1, 2000.

The purpose of this filing is to implement a Research and Development Surcharge that would offset decrements in the FERC Gas Research Institute ("GRI") surcharge. The Commission authorized the implementation of this surcharge in its February 14, 2000 Order in the above referenced proceeding.

Since 1978, gas R&D performed by GRI was funded by gas consumers through a FERC-approved surcharge on interstate pipeline deliveries. In 1998, FERC approved an agreement to gradually reduce and eliminate the surcharge by 2004. After 2004, GRI's funding will be entirely voluntary. On October 4, 1999, the New York Gas Group ("NYGAS") filed a petition on behalf of its members to establish a voluntary state funding mechanism to replace the FERC GRI funding mechanism that is being phased out. The PSC approved the NYGAS petition by its Order dated February 14, 2000.

In accordance with the February 14, 2000 Order, the Company will implement a surcharge on its firm sales and firm transportation customers that will not exceed the decrement in the FERC surcharge through the year 2004.

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The R&D Surcharge will be included as a separate line item in the Company's Gas Adjustment Clause and as a separate line item on its Statement of Adjustments to Firm Transportation Rates.

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Included with this filing is the General Filing Information Form. Since this is a compliance filing, the Company respectfully requests that the requirements for newspaper publication be waived.

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

Very truly yours,

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