

..DID: 20662

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October 16, 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-16 to its Schedule for Gas Service, P.S.C. No. 4 – GAS, to become effective on November 1, 2002.

The Public Service Commission (the "Commission") in its order dated June 28, 2001 in Case 00-M-1556 (the "Order"), directed the Company to reconcile its state income tax liability and collections for the tax year ending December 31, 2000. In compliance with the Order and pursuant to the Commission's letter dated January 10, 2002 authorizing the Company to pass back to customers the amount owed to them for the tax year ending December 31, 2000, the Company is returning to customers approximately \$1.75 million through a reduction in the State Income Tax surcharge factor applicable during the months of November and December 2002.

Accordingly, the Company is filing a revised "Statement of Percentage Increase in Rates and Charges", to become effective November 1, 2002, to effectuate the two-month reduction in the gas State Income Tax surcharge factor. The work paper showing the determination of the gas State Income Tax surcharge factor was included with the Company's electric State Income Tax surcharge filing submitted today.

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

Sincerely,

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