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August 16, 2001

**Orange and Rockland Utilities, Inc.
4 Irving Place
New York, NY 10003**

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

Re: **Case 99-G-1695**

Dear Secretary Deixler:

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

Leaf 141.3	Revision 2
Leaf 188.12	Revision 2

These tariff leaves are issued August 16, 2001, to become effective on November 1, 2001.

The purpose of this filing is to extend for an additional year the Company's gas imbalance trading pilot program (due to expire on October 31, 2001) that is available to Sellers (hereinafter referred to as "Marketers") taking interruptible transportation service under Service Classification Nos. 8 and 13 of the Company's gas schedule.

Reasons for the Proposed Changes

As part of the settlement agreement between the parties approved by the Commission in its Opinion and Order Adopting Terms of Settlement Agreement, (Opinion No. 00-13) issued and effective November 20, 2000, in Case 99-G-1695, the Company implemented for the 2000-2001 heating season an imbalance trading pilot program applicable to Marketers taking gas transportation service under Service Classification Nos. 8 or 13 of the Company's gas schedule. The implementing tariff provisions provide for termination of the pilot program on October 31, 2001, unless extended by the Company with the approval of the Commission.

The pilot program was implemented with the intent of responding to Marketers' desire for a tool to manage their imbalances by providing the opportunity for Marketers to trade their imbalances on a daily and monthly basis. By executing trades with each other, Marketers can reduce or avoid paying tariff imbalance charges associated with the over- or under-delivery of gas to the Company's Citygate that is scheduled for redelivery by the Company to the Marketers' customers. However, during the first year of the pilot program, there was little participation by Marketers, with only 2 trades occurring out of a possible 136 occasions when there was the opportunity to make a trade, i.e., there existed offsetting imbalances on the same gas day on the same pipeline. Despite the lack of participation in the program, recent discussions with Marketers participating in O&R's retail access program indicate that there is interest in continuing the pilot program because of its perceived value in helping them manage their imbalances.

By this filing, the Company proposes to extend the imbalance trading pilot program for an additional year, through October 31, 2002, in order to provide Marketers with additional time to participate in the program. After the 2001-2002 heating season, the Company will revisit the matter and make a determination at that time as to whether to continue the program or terminate it based on Marketer interest, their level of participation, and program administration costs experienced by the Company during the upcoming winter.

Enclosed herewith is a proposed "Notice of Proposed Rule Making" for publication in the State Register pursuant to the provisions of the State Administrative Procedure Act. The Company will publish notice of the proposed tariff changes in accordance with the Commission's requirements on newspaper publication.

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

Sincerely,

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

C: All Active Parties in Case 99-G-1695

And marketers via E-Mail