Received: 1/15/1999

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January 15, 1999

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

Dear Acting Secretary Renner:

Orange and Rockland Utilities, Inc. hereby transmits for electronic filing ULIEEP Statement No. US-3 to be effective March 1, 1999, proposing revisions to its Schedule for Gas Service, PSC No. 4 - GAS.

The purpose of this filing is to develop the ULIEEP refund rate to be effective for the twelve months ending February 2000. The determination of the refund rate is in conformance with the provisions of the Company's tariff as approved by Commission Order in Case 89-M-124.

The proposed ULIEEP credit equals .039 cents per Ccf, an increase of .012 cents per Ccf from the existing credit of .051 cents per Ccf. A residential heating customer using 120 Ccf per month would see a minimal increase of \$0.01 per month.

A copy of the workpapers used to determine the ULIEEP credit will be forwarded to you via Federal Express.

Received: 1/15/1999

If you have any questions, please call me at (914) 577-2963.

Very truly yours,

William A. Atzl, Jr. Manager - Regulatory Affairs