



Orange and Rockland Utilities, Inc.
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March 14, 2006

Honorable Jaclyn A. Brillling
Secretary
State of New York
Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Case 98-G-0122 - Proceeding on Motion of the
Commission to Review the Bypass Policy Relating to the
Pricing of Gas Transportation for Electric Generation

Dear Secretary Brillling:

Orange and Rockland Utilities, Inc. ("O&R" or the "Company") hereby submits for filing the following tariff leaves reflecting revisions to its Schedule for Gas Service, P.S.C. No. 4 – GAS (the "Gas tariff") in compliance with the Commission's "Order Approving Staff Proposal" issued November 23, 2005 in the above referenced proceeding ("November Order").

Leaf No.	190	Revision No.	1
Leaf No.	191	Revision No.	1
Leaf No.	191.1	Original	
Leaf No.	191.2	Original	

These tariff leaves filed electronically today are scheduled to become effective on March 15, 2006, on a temporary basis, in accordance with ordering paragraphs 2 and 3 of the November Order.

Summary of Tariff Changes

By this filing, the Company has made changes to Service Classification ("SC") No. 14 of its Gas tariff applicable to the transportation of gas used to fuel an electric generation facility having a rated capacity of 50 Megawatts or greater. Specifically, the section Rate (3) "Real-Time Value Component" of SC 14 has been deleted and replaced with a new Rate (3) section entitled "Value Added Charge" ("VAC").

Reason for Tariff Changes

In October 2003, KeySpan Energy Delivery New York and KeySpan Energy Delivery Long Island (herein collectively referred to as "KeySpan") filed with the Commission proposed changes to the methodology used in calculating the VAC set forth in its gas transportation rates

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applicable to power generation customers. The November Order directed KeySpan to revise its gas tariff consistent with the changes outlined in the November Order and directed the other gas utilities in the State to file similar changes to their tariffs.

Value Added Charge

Consistent with the November Order, the Company has replaced the Real-time Value Component forth in SC No. 14 of its Gas tariff with a VAC effective March 15, 2006. The VAC is an additional charge related to power generators based upon 5% of the positive differential between the base year and test year spark spreads of the generator and is calculated using the annual consumption of the generating facility. The base year is defined as the first 12 months of operation of the NYISO beginning December 1, 1999, and the test year is defined as the latest 12 months of operation ending December 31 of the most current year. The tariff includes a provision for reconciliation of the actual vs. estimated VAC during the prior test year. To the extent that the Company over or under collects in the prior test year, the VAC may be negative or positive, respectively.

The changes to SC No. 14 describe the methodology that will be used in the future to calculate a customer specific VAC for each customer served under SC No. 14 at tariff rates. Since there are no customers currently taking service under SC No. 14 at tariff rates, no charges can be calculated and filed at this time. The Order provides that each customer specific VAC be filed 60 days after the end of each VAC year, i.e., by March 1 of each year, and that such VAC become effective on May 1 of that year following a 60-day review period.

Notices

In accordance with ordering paragraph 4 of the November Order, which waives the requirements of Section 66(12) of the Public Service Law relating to newspaper publication, the Company will not publish notice of the tariff changes that become effective March 15, 2006.

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

Very truly yours,



William A. Atzl, Jr.
Director – O&R Rates