



Orange and Rockland Utilities, Inc.  
4 Irving Place  
New York NY 10003-0987  
www.oru.com

April 27, 2007

Honorable Jaclyn A. Brilling,  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza  
Albany, NY 12223-1350

Dear Secretary Brilling:

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, PSC No. 4 – Gas ("Gas Tariff").

3rd	Revised Leaf No.	94.9
3rd	Revised Leaf No.	94.10
5th	Revised Leaf No.	94.11
5th	Revised Leaf No.	94.12

The foregoing revised tariff leaves are issued April 27, 2007, to become effective on November 1, 2007.

The purpose of this filing is to increase the Rider B gas delivery service rates applicable to commercial and industrial customer-generators using natural gas to fuel on-site distributed generation ("DG") facilities.

#### Reason for the Proposed Tariff Change

Pursuant to various Commission orders in Case 02-M-0515, the Company implemented, effective January 1, 2004, discounted gas delivery service rates under Rider B of its Gas Tariff. In approving the rates, the Commission directed that the Rider B delivery service rates remain in effect at the January 1, 2004 rate level until at least December 31, 2006.

By letter dated March 30, 2007, the Company reported to the Commission on its operating experience for the first three years under Rider B. Specifically, the Company informed the Commission that to date, no customers have been served under Rider B. O&R also advised the Commission of its intent to file in the near future for an increase in the Rider B delivery service rates to reflect the increase in gas delivery service rates and certain other related rate changes included in the three-year rate plan ("Rate Plan") approved by the Commission in Case 05-G-1494.<sup>1</sup>

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<sup>1</sup> Case 05-G-1494, *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Orange and Rockland Utilities, Inc. for Gas Service*, Order Establishing Rates and Terms of Three-Year Rate Plan, (issued October 20, 2006) ("Gas Rate Order").

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### Summary of the Proposed Changes

By this filing, the Company proposes to increase the Rider B delivery service rates on November 1, 2007 and on November 1, 2008 to reflect the percentage increases in overall delivery service revenues approved by the Commission in the Gas Rate Order<sup>2</sup>. Rider B delivery service rates effective November 1, 2007 have been determined based on the combined percentage increases for the 12 months ending October 31, 2007 (i.e., Rate Year One Increase) and the 12 months ending October 31, 2008 (i.e., Rate Year Two Increase). Rider B delivery service rates effective November 1, 2008 have been determined based on the percentage increase for the 12 months ending October 31, 2009 (i.e., Rate Year Three Increase).

Specifically, the Company proposes to increase the "Usage Charge" for gas usage above the first 3 Ccf each month as set forth under Rate Schedule I - Rate IA, Rate IB, Rate IC, and Rate ID, and Rate Schedule II of the "Delivery Charges" of Rider B. The initial block charge, which includes the first 3 Ccf of gas, has not been increased. The "Contract Demand Charge" applicable to customers under Rate Schedule II will also be increased.

Attachment A to this filing letter sets forth the proposed changes to the Rider B delivery service rates. Page 1 of Attachment A shows the derivation of the overall percentage increases in delivery revenues applicable to Rider B and pages 2 and 3 of Attachment A show the rate changes and proposed delivery service rates that are to become effective on November 1, 2007 and on November 1, 2008.

The Company also proposes to amend the "Other Applicable Charges" provision of Rider B (set forth on Leaf 94.11) to include the Merchant Function Charge ("MFC") and the Billing and Payment Processing Charge ("B&PPC") that was also approved by the Commission in the Gas Rate Order. Accordingly, effective November 1, 2007, a DG customer electing Rider B will be subject to the MFC and B&PPC set forth in the customer's otherwise applicable service classification. In addition, the last paragraph of the "Term" provision of Rider B relating to continuation of the delivery charges at the January 1, 2004 rate level through December 31, 2006 has been removed.

The tariff leaves filed herewith reflect the rate changes to Rider B effective November 1, 2007. The Company proposes to file the tariff leaves to implement the November 1, 2008 increase to Rider B delivery service rates concurrent with the compliance tariff filing the Company will file by October 1, 2008, to implement the rate changes associated with Rate Year Three of the Rate Plan.

### Revenue Impact of Proposed Increases

At this time there is no revenue impact associated with the proposed increases in Rider B delivery service rates since there are no customers currently taking service under Rider B.

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<sup>2</sup> The Company proposes to implement the increase on November 1, 2007 since there are no customers served under Rider B and the earliest the new rates could go into effect under the notice requirements of the SAPA would be approximately August 1, 2007.

Honorable Jaclyn A. Brillong

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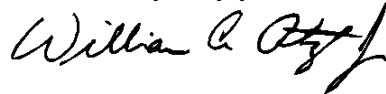
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Notices

The Company will provide for public notice of the tariff changes proposed in this filing by means of newspaper publication once a week for four consecutive weeks prior to the effective date of the proposed tariff changes. Enclosed is a proposed form of Notice of Proposed Rule Making for publication in the State Register pursuant to the State Administrative Procedure Act.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "William A. Atzl, Jr.", with a stylized flourish at the end.

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

**ORANGE AND ROCKLAND UTILITIES, INC.****Rider B Distributed Generation Rates****Overall Percentage Increase in Delivery Service Revenues Applicable to Rider B Rates  
Effective November 1, 2007 and November 1, 2008 Resulting from Case 05-G-1494**

Determination of Rider B Delivery Rate Increase Percentages:

## a) For rates effective November 1, 2007

Total Incremental Revenue Requirement for Rate Year One Impacting Base Delivery Revenues	\$2,342,084
Total Incremental Revenue Requirement for Rate Year Two Impacting Base Delivery Revenues	<u>\$6,442,150</u>
Total Incremental Revenue Requirement for Rate Year One and Rate Year Two	\$8,784,234
Base Delivery Revenue at the November 2005 Rate Level for Rate Year One for Firm Service Classifications 1, 2, and 6	\$77,601,000
Overall Percentage Increase in Base Delivery Service Rates	11.319743%

## b) For rates effective November 1, 2008

Total Incremental Revenue Requirement for Rate Year Three Impacting Base Delivery Revenues	\$1,783,980
Base Delivery Revenue at the November 2007 Rate Level for Rate Year Three for Firm Service Classifications 1, 2, and 6	\$86,392,163
Overall Percentage Increase in Base Delivery Service Rates	2.064979%

**ORANGE AND ROCKLAND UTILITIES, INC.****Rider B Rate Design Workpapers  
Case 05-G-1494****Rider B Delivery Rates Effective November 1, 2007**

<u>Blocking</u>	Current Rider B Delivery Rates		Percentage Incr. Eff. 11/01/07	Per Ccf Increase (\$/Ccf)		Rider B Del. Rates Eff. November 1, 2007	
	<u>Summer</u>	<u>Winter</u>		<u>Summer</u>	<u>Winter</u>	<u>Summer</u>	<u>Winter</u>
<u>Rider B - Rate Schedule I</u>							
Rate IA							
First 3 Ccf or Less	\$106.00	\$106.00	-	-	-	\$106.00	\$106.00
Over 50 Ccf	0.15087	0.18729	11.3197431%	0.01708	0.02120	0.16795	0.20849
Rate IB							
First 3 Ccf or Less	180.00	180.00	-	-	-	180.00	180.00
Over 50 Ccf	0.15087	0.18729	11.3197431%	0.01708	0.02120	0.16795	0.20849
Rate IC							
First 3 Ccf or Less	274.00	274.00	-	-	-	274.00	274.00
Over 50 Ccf	0.15087	0.18729	11.3197431%	0.01708	0.02120	0.16795	0.20849
Rate ID							
First 3 Ccf or Less	348.00	348.00	-	-	-	348.00	348.00
Over 50 Ccf	0.15087	0.18729	11.3197431%	0.01708	0.02120	0.16795	0.20849
<u>Rider B - Rate Schedule II</u>							
	<u>Summer</u>	<u>Winter</u>				<u>Summer</u>	<u>Winter</u>
First 3 Ccf or Less	40.00	40.00	-	-	-	40.00	40.00
Over 50 Ccf	0.03017	0.03746	11.3197431%	0.00342	0.00424	0.03359	0.04170
Contract Demand Charge	\$26.68		11.3197431%	\$3.02		\$29.70	
	<u>Monthly</u>					<u>Monthly(\$/Ccf)</u>	
Sc No. 1 Merchant Function Charge	n/a					0.04096	
Sc No. 2 Merchant Function Charge	n/a					0.02417	
Sc No. 6 RS IA Merchant Function Charge	n/a					0.00703	
Sc No. 6 RS IB & II Merchant Function Charge	n/a					0.00311	
						(\$/Month)	
Billing & Payment Processing Charge	n/a					0.62	

Note: The Merchant Function Charge ("MFC") varies monthly. For illustrative purposes, the MFCs effective April 1, 2007 are shown.  
Customers are subject to the MFC of their otherwise applicable Service Classification.

**ORANGE AND ROCKLAND UTILITIES, INC.****Rider B Rate Design Workpapers  
Case 05-G-1494****Rider B Delivery Rates Effective November 1, 2008**

<u>Blocking</u>	Rider B Del. Rates Eff. November 1, 2007		Percentage Incr. Eff. 11/01/'08	Per Ccf Increase (\$/Ccf)		Rider B Del. Rates Eff. November 1, 2008	
	<u>Summer</u>	<u>Winter</u>		<u>Summer</u>	<u>Winter</u>	<u>Summer</u>	<u>Winter</u>
<u>Rider B - Rate Schedule I</u>							
Rate IA							
First 3 Ccf or Less	\$106.00	\$106.00	-	-	-	\$106.00	\$106.00
Over 50 Ccf	0.16795	0.20849	2.0649790%	0.00347	0.00431	0.17142	0.21280
Rate IB							
First 3 Ccf or Less	180.00	180.00	-	-	-	180.00	180.00
Over 50 Ccf	0.16795	0.20849	2.0649790%	0.00347	0.00431	0.17142	0.21280
Rate IC							
First 3 Ccf or Less	274.00	274.00	-	-	-	274.00	274.00
Over 50 Ccf	0.16795	0.20849	2.0649790%	0.00347	0.00431	0.17142	0.21280
Rate ID							
First 3 Ccf or Less	348.00	348.00	-	-	-	348.00	348.00
Over 50 Ccf	0.16795	0.20849	2.0649790%	0.00347	0.00431	0.17142	0.21280
<u>Rider B - Rate Schedule II</u>							
	<u>Summer</u>	<u>Winter</u>				<u>Summer</u>	<u>Winter</u>
First 3 Ccf or Less	40.00	40.00	-	-	-	40.00	40.00
Over 50 Ccf	0.03359	0.04170	2.0649790%	0.00069	0.00086	0.03428	0.04256
Contract Demand Charge	\$29.70		2.0649790%	\$0.61		\$30.31	
	<u>Monthly(\$/Ccf)</u>					<u>Monthly(\$/Ccf)</u>	
Sc No. 1 Merchant Function Charge	0.04096					0.04096	
Sc No. 2 Merchant Function Charge	0.02417					0.02417	
Sc No. 6 RS IA Merchant Function Charge	0.00703					0.00703	
Sc No. 6 RS IB & II Merchant Function Charge	0.00311					0.00311	
	(\$/Month)					(\$/Month)	
Billing & Payment Processing Charge	0.62					0.62	

Note: The Merchant Function Charge ("MFC") varies monthly. For illustrative purposes, the MFCs effective April 1, 2007 are shown.  
Customers are subject to the MFC of their otherwise applicable Service Classification.