



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

October 31, 2006

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

RE: Case No. 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

Dear Secretary Brilling:

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

This filing is made in compliance with the Commission's Order Establishing Rates and Terms of a Three Year Rate Plan issued October 20, 2006, in Case No. 05-G-1494 ("Order"). In the Order, the Commission adopted, with one exception, the terms of a Joint Proposal dated June 21, 2006 and submitted by O&R, Staff of the New York State Department of Public Service, Multiple Intervenors, and Small Customer Marketer Coalition ("Joint Proposal").

The tariff leaves, set forth in Appendix A to this letter and filed electronically today, become effective on November 1, 2006.

Summary of Tariff Modifications

The enclosed tariff leaves reflect the following modifications in accordance with the Joint Proposal.

1. Service Classification Nos. 1, 2, and 6 rates have been revised in accordance with Appendix D of the Joint Proposal.
2. A new General Information Section No. 12.4, "Merchant Function Charge" ("MFC"), describing the various components included in the MFC, has been added to the Gas tariff. In addition, references to the applicability of the MFC have been included under Service Classification Nos. 1, 2, and 6.
3. A "Billing and Payment Processing Charge" of \$0.62 per billing cycle has been included under Service Classification Nos. 1, 2, and 6. In addition, references to the applicability of the Billing and Payment Processing Charge have been included under Service Classification Nos. 1, 2, and 6.

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4. General Information Section No. 6, "Metering and Billing", specifically Section No. 6.5 relating to the rendering of bills to customers participating in the Company's Gas Transportation Service Program, has been revised to: (1) indicate that the Company will purchase energy services company ("ESCO") receivables at a discount under the Company's Purchase of Receivables Program, and (2) eliminate the "Billing Services Credit" which was applicable to Service Classification No. 6 customers electing the Utility Single Billing Service or the Marketer Single Billing Service.
5. General Information Section No. 6.10 relating to O&R's budget billing program has been revised to allow customers to enter the program at any time with their annual anniversary being the month they enter the program.
6. The Gas Supply Charge as set forth in General Information Section No. 12.2 has been revised to provide for the flow-through of (1) net revenues from all off-system sales and (2) Service Classification No. 10 capacity-related revenues.
7. The Base Charge under Service Classification No. 8 has been revised to provide new maximum rates in each year of the three-year rate agreement and a new floor price.
8. The minimum annual volume threshold for new Service Classification No. 8 customers has been increased from 35,000 Ccf per year to 100,000 Ccf per year.
9. Service Classification Nos. 8 and 13 have been revised to reflect that interruptible transportation customers and/or marketers shall deliver additional gas to compensate the Company for losses incurred in delivering customers' gas. The amount of additional gas required to compensate for losses shall be based on the Company's Factor of Adjustment, which may change from time to time as approved by the Commission.
10. The Factor of Adjustment set forth in General Information Section 12.1 of the Gas tariff has been updated. The calculation of the updated Factor of Adjustment is set forth in Appendix B to this letter.
11. The Monthly Gas Adjustment ("MGA") provision set forth in General Information Section No. 12.2 of the Gas tariff applicable to Service Classification Nos. 1, 2 and 6 customers has been revised as follows:
 - The Sharing of Benefits provision has been restructured to separate the sharing of benefits associated with interruptible sales and the sharing of benefits associated with power generation and new targets for each have been established for Rate Years 1, 2, and 3.
 - A new provision "Transition Adjustment for Competitive Services" has been added to recover the lost revenues associated with the (1) MFC fixed components; (2) Billing and Payment Processing Charge; and (3) Cost of Enabling Technologies, adjusted for any prior period reconciliation. The calculation of the Transition Adjustment for Competitive Services, effective November 1, 2006, is attached as Appendix C to this letter.
 - The Interim Backout Credit provision has been removed from General Information Section No. 12.2 of the Gas tariff as part of the changes associated

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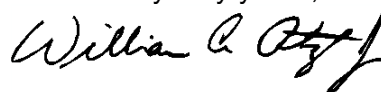
with the establishment of the Billing and Payment Processing Charge. The Interim Backout Lost Revenue Adjustment has been modified to provide for its continuation through October 31, 2007, to reconcile the back-out credits provided to customers through the operation of the Interim Backout Credit mechanism for the twelve-month period ending October 31, 2006, and the actual recoveries for such period.

- The Gas in Storage Working Capital section has been revised to provide for the recovery of gas in storage working capital costs associated with storage assets that are used for reliability and balancing purposes for all firm gas customers. The rate included in the MGA to recover these reliability/balancing-related storage working capital costs shall be 20 percent of the total gas in storage working capital rate applicable to firm sales customers and shall be applied to all Service Classification Nos. 1 and 2 sales and Service Classification No. 6 delivery volumes. The difference between the rate included in the MGA and total gas in storage working capital rate applicable to firm sales customers shall be deemed to be sales related and shall be included in the MFC applicable to Service Classification Nos. 1 and 2 customers.
- 12. The Weather Normalization Adjustment set forth in General Information Section No. 12.3 has been revised to set the normal heating degree-days for the 12-month period commencing November 1, 2006 at 5,117 heating degree-days. Heating Degree-days for Rate Years 2 and 3 will continue to be based on a rolling 30-year average ending the prior calendar year.
- 13. The fees for the reconnection of service set forth in General Information Section No. 9.14 have been increased from \$9.00 to \$69.00 during normal business hours and from \$21.00 to \$104.00 when the customer specifies that service be re-established during other than normal business hours. The provision has also been modified to provide that fifty percent of the fee for restoration of service during normal business hours will be waived for customers who have received a Home Energy Assistance Program grant in the twelve-month period prior to reconnection of service. In addition, the fee charged to Marketers to suspend service at their request has been increased from \$19.00 to \$22.00.
- 14. The monthly bill credit for customers receiving Home Energy Assistance Program grants under the Low Income Program set forth in General Information Section No. 6.16 has been increased from \$5.00 from \$7.00.

The Company will publish notice of this filing in accordance with ordering clause 5 of the Order.

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

Very truly yours,



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

Orange & Rockland Utilities Inc.

Case 05-G-1494 - Rates Effective November 1, 2006

APPENDIX A

P.S.C. No. 4 Gas

Leaf 3	Revision 7	Leaf 137	Revision 7
Leaf 4	Revision 7	Leaf 137.1	Revision 9
Leaf 33.3	Revision 4	Leaf 137.2	Revision 5
Leaf 34	Revision 8	Leaf 138	Revision 13
Leaf 37	Revision 4	Leaf 138.1	Revision 12
Leaf 47	Revision 4	Leaf 138.2	Revision 1
Leaf 61	Revision 3	Leaf 139	Revision 12
Leaf 72	Revision 12	Leaf 141.4	Revision 4
Leaf 73	Revision 13	Leaf 166.12	Revision 6
Leaf 77	Revision 9	Leaf 183	Revision 7
Leaf 79.1	Revision 1	Leaf 183.1	Revision 2
Leaf 79.2	Revision 1	Leaf 186	Revision 4
Leaf 80	Revision 10		
Leaf 80.1	Revision 12		
Leaf 80.2	Revision 6		
Leaf 80.3	Revision 7		
Leaf 80.4	Revision 2		
Leaf 81.1	Revision 5		
Leaf 82	Revision 5		
Leaf 83	Revision 4		
Leaf 94.11	Revision 4		
Leaf 94.16	Revision 5		
Leaf 114	Revision 12		
Leaf 115	Revision 8		
Leaf 116	Revision 13		
Leaf 127	Revision 6		
Leaf 130	Revision 15		
Leaf 130.1	Revision 1		
Leaf 132	Revision 8		
Leaf 133	Revision 16		

Appendix B

ORANGE AND ROCKLAND UTILITIES, INC.

Case No. 05-G-1494
GAS LOST AND UNACCOUNTED FOR

Calculation of Rate Year 1 Factor of Adjustment***Rate Year 1**

Actual LAUF Percentage 12 Mo. Ended 8/31/06	1.90%	See below
Actual LAUF Percentage 12 Mo. Ended 8/31/05	1.30%	
Actual LAUF Percentage 12 Mo. Ended 8/31/04	1.64%	
Three Year Average	1.61%	
Gas Loss and Unaccounted for - Rate Year 1	1.61%	
Factor of Adjustment - Rate Year 1 ($1/(1-\text{LAUF})$)	1.016	

<u>(Mcf)</u>	Twelve Months Ending August 31,		
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Actual Gas Sendout	24,490,213.9	24,206,227.3	22,104,461.9
Retail Sales & Firm Transportation	24,087,522.4	23,891,209.7	21,685,061.0
Lost and Unaccounted for Gas Deliveries	402,691.5	315,017.6	419,400.9
Percent of Gas Sendout Lost and Unaccounted for	1.64%	1.30%	1.90%

* Calculation as per Appendix C of Joint Proposal as approved by the Commission in its Order dated October 20, 2006 in Case No. 05-G-1494.

Orange & Rockland Utilities, Inc.

Appendix C

Case 05-G-1494

Calculation of Transition Adjustment for Competitive ServicesEffective November 1, 2006

<u>Line</u>	<u>Component</u>	
1	MFC Fixed Component Lost Revenue =	\$0.00
2	Billing and Payment Processing Lost Revenue =	0.00
3	Costs of Enabling Technologies =	100,000.00
4	Prior Period Reconciliation =	<u>0.00</u>
5	Total (Lines 1 through 4)	\$100,000.00
6	Projected Sales and Transportation Volumes to Service Classification Nos. 1, 2, and 6 for the 12 months ending October 31, 2007 =	198,839,000 Ccf
7	Transition Adjustment for Competitive Services (Line 5/Line 6) =	\$0.00050