



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

June 22, 2005

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

Re: Case 00-M-1556 -

In the Matter of the Proposed Accounting and  
Ratemaking for the Tax Law Changes Included in  
the 2000-2001 New York State Budget

Dear Secretary Brilling,

Orange and Rockland Utilities, Inc. ("O&R" or "the Company") hereby submits electronically for filing its Statement of Increase in Rates and Charges No. RTS-27 to its Schedule for Gas Service, P.S.C. No. 4 – GAS, to become effective on July 1, 2005. By separate letter, the Company also filed its Statement of Increase in Rates and Charges No. RTS-81 to its Schedule for Electric Service, P.S.C. No. 2 - Electricity, to become effective July 1, 2005. Such filing also included the work papers showing the determination of the electric and gas State Income Tax ("SIT") surcharge factors.

By letter dated December 9, 2004, the Company filed with the Commission revised tax surcharge factors in compliance with the Public Service Commission's Order Implementing Tax Law Changes On A Permanent Basis issued June 28, 2001 in the above-referenced proceeding. The gas SIT surcharge factor that became effective January 1, 2005, pursuant to the Company's December 9, 2004 filing reflected the recovery from customers of \$1,227,512 during 2005 relating to the reconciliation of SIT for the tax year ended December 31, 2003<sup>1</sup>.

By letter dated June 6, 2005 from the Director, Office of Accounting and Finance, the Company was notified that it was authorized to collect from customers an additional \$77,385 relating to the reconciliation of the Company's SIT liability for the tax year ended December 31, 2004. Such letter directed that the collection of the \$77,385 be combined with the remaining balance of the previously authorized 2005 collection of \$1,227,512 and collected from customers over the 6-month period from July 1, 2005 through December 31, 2005.

The gas SIT surcharge factor to be in effect for the period July 1, 2005 through December 31, 2005 reflects the remaining balance to be collected from customers in 2005 relating to the reconciliation of SIT for the tax year ended December 31, 2003 and the amount authorized to be collected from customers relating to the reconciliation of the SIT for the tax year ended December 31, 2004. The June 6th letter indicated also that no further action is needed regarding this matter.

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<sup>1</sup> Such authorization was set forth in a letter dated September 1, 2004 from the Director, Office of Accounting and Finance.

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

Sincerely,

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