



December 30, 2003

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

RE: Case 02-M-0515 – Proceeding on Motion of the Commission to Establish  
Gas Transportation Rates for Distributed Generation Technologies

Dear Acting Secretary Brillling:

Orange and Rockland Utilities Inc. (“O&R” or “the Company”) is filing today with the Public Service Commission (“the Commission”) amendments to its Schedule for Gas Service, PSC No. 4 – Gas (“Gas Tariff”) in compliance with the Commission’s Order issued December 3, 2003 in the above referenced proceeding (“the Order”).

Appendix A lists the specific tariff leaves being revised. The tariff leaves are issued December 30, 2003 to become effective January 1, 2004, in accordance with ordering clause 7 of the Order.

### **Summary of Tariff Changes**

On July 23, 2003, the Company filed tariff amendments implementing a new Service Classification Rider to its Gas Tariff, designated as Rider B, in compliance with the Commission’s Order Providing for Distributed Generation Gas Service Classifications in Case 02-M-0515, issued and effective April 24, 2003. Today’s filing amends the tariffs filed in July 2003 to conform to the December 3, 2003 order with respect to the following:

- The definition of annual load factor used in determining a customer’s initial and continued eligibility for Rider B service has been revised to base it on the customer’s winter peak day gas usage and not on the customer’s maximum annual peak day gas usage<sup>1</sup>. Language has also been added with respect to a customer’s continued eligibility for Rider B service if the customer’s annual load factor falls below 50 percent. A customer whose Annual Load Factor falls below 50 percent will become ineligible for service under Rider B for one year and will be notified in writing to this effect. Such notification will also stipulate that the customer must elect the otherwise applicable firm or interruptible service classification to be transferred to and billed under thereafter including the requirement that the customer notify the Company of such election within

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<sup>1</sup>The Commission’s April 24, 2003 order in Case 02-M-0515 defined load factor as the “annual usage divided by (peak day use x 365 days)”. Staff recommended that the Commission’s April 24 Order’s definition of load factor be clarified to be the annual usage divided by the peak winter day demand times 365 days (page 13 of Appendix II of the Order).

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15 days of receipt of such notification. Customers who fail to notify the Company of their election will be deemed to have elected to be served under their applicable firm service classification. In instances where the customer can demonstrate to the Company's satisfaction that the customer experienced conditions at its facility that prevented the customer from maintaining an Annual Load Factor of at least 50 percent and that such conditions were beyond the customer's control, the Company may, at its sole discretion, continue to allow the customer to take service under Rider B or to return to service under Rider B in less than one year. Such allowance will be contingent on the customer reasonably demonstrating to the Company's satisfaction that the condition(s) that prevented the customer from maintaining an Annual Load Factor of at least 50 percent has been corrected and/or is not likely to recur in the next applicable annual determination period.

- The monthly minimum charge has been revised to remove the volumetric component based on an assumed 50 percent annual load factor.
- The term of Rider B has been amended to eliminate the sunset provision and to clarify that Rider B's delivery charges will be available until at least December 31, 2006.
- The seasonal Usage Charges for small and large DG Customers have been adjusted to set the summer rate at 10 percent less than the respective average annual rate with the winter rate set to recover the balance of the applicable revenue requirement. The winter period has been defined to include the months of November through March and the summer period has been defined to include the months of April through October.
- The up-front charge for metering costs for DG customers with equipment rated at less than 5 MegaWatts ("MW") has been eliminated. Instead, separate metering charges have been established and incorporated into the monthly minimum charge (for the first 3 Ccf or less of gas usage) applicable to customers having DG equipment ratings in the following four categories:

<u>DG Equipment Rating</u>	<u>Metering Charge (per month)</u>
0.25 MW or less	\$66.00
greater than 0.25 MW but less than or equal to 1.0 MW	\$140.00
greater than 1.0 MW but less than or equal to 2.0 MW	\$234.00
greater than 2.0 MW but less than 5.0 MW	\$308.00

These metering charges were computed by applying an annual carrying charge of 13.2% to the applicable meter equipment cost in each category. Customers with equipment rated at 5 MW or greater will pay for metering costs up-front prior to the initiation of service.

- A new special provision has been added to Rider B providing for DG customers to be treated the same as non-DG customers regarding firm transportation balancing services and the curtailment of service.

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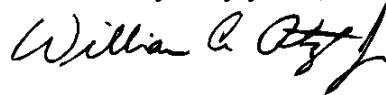
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- The option that would permit small DG customers (with equipment rated less than 5 MW) to elect service at the three-part rate applicable to large customers (with equipment 5 MW or greater) has been removed from the tariff. The Company will file a three-part rate design for smaller DG customers at such time that customers request such a rate form.

Pursuant to ordering clause 8 of the Order, the requirement of Section 66(12) of the Public Service Law as to newspaper publication of the amendments is waived.

Any questions regarding this filing may 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

Cc: All active parties in Case No. 02-M-0515

Attachment

**APPENDIX A**

**P.S.C. No. 4 Gas**

Leaf 94.7	Revision 1
Leaf 94.8	Revision 1
Leaf 94.9	Revision 1
Leaf 94.10	Revision 1
Leaf 94.11	Revision 1
Leaf 94.12	Revision 1
Leaf 94.13	Revision 1
Leaf 94.14	Revision 1
Leaf 94.15	Revision 1
Leaf 94.16	Revision 1