



Orange and Rockland Utilities, Inc.
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April 7, 2004

Honorable Jaclyn A. Brillling,
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 Secretary Brillling:

Orange and Rockland Utilities Inc. (“O&R” or “the Company”) is filing today with the Public Service Commission (“the Commission”) an amendment to Second Revised Leaf No. 94.11 of its Schedule for Gas Service, PSC No. 4 – Gas (“Gas Tariff”) to clarify one of the tariff provisions that were filed by the Company on December 30, 2003 in compliance with the Commission’s Order issued December 3, 2003 in the above referenced proceeding (“the Order”)¹.

Second Revised Leaf No. 94.11 is issued April 7, 2004 to become effective on April 8, 2004, in compliance with the Order.

Reason for the Proposed Tariff Change

On July 23, 2003, the Company filed, in compliance with the Commission’s April 24, 2003 order in the above referenced proceeding, tariff revisions to its Gas tariff to implement a new Rider B service containing the rates and terms of service for firm sales and firm transportation of gas used for the purpose of fueling an on-site distributed generation facility (“DG facility”). On December 30, 2003, the Company filed, in compliance with the Order, additional tariff revisions to amend the tariffs that were filed by the Company on July 23, 2003.

As part of the Company’s July 23, 2003 filing, the Company filed tariff language to exclude customers taking DG service under Rate Schedule II of Rider B from receiving the Interim Back-out Credit applicable to Service Classification No. 6 customers participating in the Company’s Gas Transportation Service Program.²

¹ The tariff leaves filed by the Company on December 30, 2003 became effective, on a temporary basis, on January 1, 2004 in compliance with the Order.

² The Company noted in its transmittal letter of July 23, 2003 (p. 5) that customers with DG facilities 5 MW or greater would not receive the Interim Back-out Credit included in the Monthly Gas Adjustment per the direction of Staff.

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As part of the Company's December 30, 2003 filing, the Company amended the Monthly Gas Adjustment Provision set forth in Rider B to exclude customers taking service under Rate Schedule II of Rider B from application of the Interim Back-out Lost Revenue Adjustment applicable to customers taking service under Service Classification Nos. 1, 2, and 6.³ The Company's intent was to exclude only Service Classification No. 6 customers from the application of the Interim Back-out Lost Revenue Adjustment since they were not receiving the Interim Back-out Credit. However, the language that was filed on December 30, 2003 and went into effect on a temporary basis on January 1, 2004, provides that the Interim Back-out Lost Revenue Adjustment "shall not apply to customers receiving service under Rate Schedule II of Rider B". As currently written, Service Classification Nos. 1 and 2 customers taking service under Rate Schedule II of Rider B would also not be subject to the Interim Back-out Lost Revenue Adjustment.

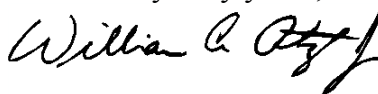
Today's filing amends the Monthly Gas Adjustment provision of Rider B found on Leaf No. 94.11 to clarify that the exemption from the Back-out Lost Revenue Adjustment shall only apply to Service Classification No. 6 customers taking service under Rate Schedule II of Rider B.

Notice

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 amendment 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

³ The Interim Back-out Lost Revenue Adjustment, which became effective on November 1, 2003 in Case 02-G-1553, is designed to recover the lost revenues associated with the Interim Back-out Credit.