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Orange & Rockland
a conEdison, inc. company

Orange and Rockland Utilities, Inc.
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October 31, 2005

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

Re: Case 05-G-0919 – Filing by Orange and Rockland Utilities, Inc. to extend its Capacity Release Service for an additional year and to eliminate the mechanism that provides for the Company to credit or surcharge the difference between the average cost of capacity released to Marketers and the Company's weighted average cost of capacity.

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, P.S.C. No. 4 – GAS (the "Gas tariff"). This filing is made in compliance with the Commission's Order issued October 27, 2005 in Case 05-G-0919 ("Order").

Leaf No.	7	Revision No.	5
Leaf No.	8	Revision No.	7
Leaf No.	9	Revision No.	4
Leaf No.	80.2	Revision No.	4
Leaf No.	80.3	Revision No.	5
Leaf No.	80.4	Original	
Leaf No.	129	Revision No.	11
Leaf No.	133	Revision No.	15
Leaf No.	152	Revision No.	13
Leaf No.	152.1	Revision No.	8
Leaf No.	152.2	Revision No.	10
Leaf No.	153	Revision No.	8

Pursuant to Ordering Clause 2 of the Order, the tariff leaves filed electronically today are effective November 1, 2005, on a temporary basis.

<u>Reason for Proposed Tariff Modifications</u>

By letter dated July 25, 2005, the Company filed with the Commission proposed revisions to its Gas tariff (1) to extend for an additional year its capacity release service program to Qualified Sellers of natural gas serving firm customers in the Company's gas retail access program and (2) to eliminate the credit/surcharge mechanism that provides for the Company to

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credit or surcharge the difference between the average cost of capacity released to Sellers (as agents for customers) and the Company's adjusted weighted average cost of transportation ("Adjusted WACOT")[1]. The Company's filing also included an alternate proposal for surcharging firm transportation customers, rather than Sellers, for the difference between the average cost of released capacity and the Adjusted WACOT in the event that the Commission rejected the Company's proposal to eliminate the surcharge/credit mechanism.

The Order adopted the alternate proposal and directed the Company to file revised tariff leaves consistent with the Order on not less than one days' notice to become effective on November 1, 2005.

Summary of Tariff Changes

- For the annual period commencing November 1, 2005, the Company will continue to release capacity to interested Sellers pursuant to pre-arranged deals at maximum lawful pipeline prices, except that the releases will be to Sellers as principal instead of as agent for customers.

- The existing credit/surcharge mechanism applicable to Sellers under Service Classification No. 11 will be replaced with a new Capacity Release Service Adjustment (the “CRSA”), which will be calculated as the difference between the Company’s Adjusted WACOT and the weighted cost of capacity released to Sellers. However instead of the Seller receiving this adjustment as the customer’s agent, a firm transportation customer will be directly credited or surcharged though the Monthly Gas Adjustment (“MGA”) applicable to Service Classification No. 6 firm transportation customers (whether or not the customer’s Seller elects to take capacity release service from the Company).

- The CRSA has been calculated for the annual period commencing November 1, 2005 based on the Company’s estimate of its Adjusted WACOT for the applicable annual period, the current interstate pipeline reservation rates for the pipelines upon which the Company releases capacity, and estimated deliveries to Service Classification No. 6 customers. A CRSA of 0.436 ¢/Ccf, effective November 1, 2005, has been included in the Monthly Gas Adjustment applicable to Service Classification No. 6 customers.[2]

- At the end of the twelve-month period, the Company will reconcile the projected WACOT adjustment with the calculated adjustment based upon actual released capacity and actual firm transportation volumes over the twelve-month period. Any reconciling amounts would be included in the MGA applicable to firm transportation customers in the second month following the end of the twelve month period, either as an adjustment to a new CRSA (assuming the capacity release service continues beyond October 2006) or as a separate reconciling adjustment (if capacity release service is not continued). The proposed revisions to the Gas tariff provide the

[1] The Adjusted WACOT is the Company’s WACOT adjusted to reduce TransCanada demand charges to the extent necessary to result in comparability between Canadian and domestic commodity costs.

[2] The Monthly Gas Adjustment was filed under separate cover on October 28, 2005.

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Company flexibility to apply the adjustment over more than one month if the impact on the MGA would be material.

- Corresponding revisions to the Company's Gas Transportation Operating Procedures incorporating the proposed tariff modifications will be submitted under separate cover.

Notices

Pursuant to Ordering Clause 3 of the Order, the Company will provide for public notice of the tariff changes included in this filing by means of newspaper publication once a week for four consecutive weeks. The Company will file with the Commission proof of such notice no later than six weeks following the effective date of the tariff changes proposed herein.

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

Very truly yours,

William A. Atzl, Jr.

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