



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

February 10, 2010

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

RE: Case No. 09-M-0311 - Implementation of Chapter 59 of the Laws of
2009 Establishing a Temporary Annual Assessment Pursuant to
Public Service Law §18-a(6)

Dear Secretary Brilling:

Orange and Rockland Utilities, Inc. (the "Company") hereby submits for electronic filing its Statement of Temporary State Assessment Surcharge No. TSAS-3, to become effective on March 1, 2010.

In compliance with the Commission's Order Implementing Temporary State Assessment (the "Order"), issued June 19, 2009, in the above-referenced case, the Company established a Temporary State Assessment Surcharge ("TSAS") effective July 1, 2009. The TSAS is set to recover any Public Service Law §18-a amounts required to be collected above the amount in base rates for each State Fiscal Year (April through March) commencing Fiscal Year 2009-2010, including an adjustment for uncollectible expenses and working capital costs. Public Service Law §18-a amounts to be recovered are to be reconciled with actual amounts recovered, and any difference is to be reflected in a subsequent annual TSAS. A subsequent update to the TSAS was filed on August 25, 2009 and became effective on September 1, 2009.

The TSAS is not currently assessed on a gas contract customer served under Service Classification ("SC") No. 10 of the Company's gas tariff. Recovery of the TSAS is not permitted under the provisions of this customer's existing contract with the Company. The contract customer's share of the assessment is currently being collected from the other gas customers, as permitted by the Order.¹ However, this customer's contract under SC No. 10 is expiring and a new contract between the customer and the Company has been executed under the Company's recently amended SC No. 9.² The new contract was submitted to the Commission for its review on January 14, 2010. Under the new contract, which will commence on March 1, 2010, the customer will be assessed the TSAS. Therefore, the Company is hereby filing an update to the TSAS to establish the surcharge that will be applicable to SC No. 9. The surcharges applicable to other service classifications from March 1, 2010 through the end of the recovery period (June 30, 2010) were also revised based on the gas contract customer's TSAS revenues, actual TSAS

¹ As stated on page 22 of the Order, "Contracts, including flex-rate contracts, and statutory requirements may prevent recovery of the surcharge from certain customers. In these cases, the utility may collect the surcharge amounts owed by these customers proportionally from other customers."

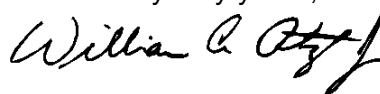
² Case No. 09-G-0507, Filing by Orange and Rockland Utilities, Inc. to provide withdrawable transportation service and withdrawable sales service under one service classification.

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collections to date, and an updated gas sales forecast. The revised surcharges are included in the attached Statement No. TSAS-3.

Questions regarding this filing can 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