



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

October 26, 2010

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

Re: Case No. 09-G-0567, Filing by Orange and Rockland Utilities, Inc. to change the terms under which the company will release upstream pipeline capacity to its Marketers and to revise its Capacity Release Service Adjustment

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, PSC No. 4 – Gas (the "Gas Tariff").

15th	Revised Leaf No.	80.3
14th	Revised Leaf No.	152.1

These tariff leaves filed electronically today are scheduled to become effective on November 1, 2010.

Background

By letter dated July 20, 2009, the Company filed with the Public Service Commission ("Commission") amendments to its Gas Tariff, to become effective November 1, 2009, proposing to modify the Company's capacity release service available to Qualified Sellers ("Sellers") serving firm transportation customers. On July 31, 2009, the Company filed a letter with the Commission clarifying certain statements made in the original filing.

At the request of the Staff of the Department of Public Service, the Company filed Supplement No. 51 on October 1, 2009, postponing the effective date of the tariff leaves to April 1, 2010. This was intended to provide Sellers with additional time to incorporate the capacity pricing into their agreements.

In its order, issued and effective March 25, 2010 ("March 2010 Order"), in the above-referenced case, the Commission directed the Company to cancel the pending tariff leaves and

file revised tariff leaves on not less than one day's notice, to become effective on November 1, 2010. On March 26, 2010, the Company filed Supplement No. 53 canceling the pending tariff leaves.

Reason for Filing

The purpose of this filing is to modify the Company's capacity release service available to Sellers serving firm transportation customers in compliance with the March 2010 Order. Specifically, as more fully discussed in the July 20, 2009 filing and July 30, 2009 letter of clarification, the Company is revising its Gas Tariff to enable it to release capacity to Sellers at its adjusted weighted average cost of transportation ("Adjusted WACOT")¹ and to revise its Capacity Release Service Adjustment ("CRSA"), a mechanism currently used to credit or surcharge customers for the difference between the average cost of capacity released to Sellers ("maximum rate") and the Company's Adjusted WACOT.

Under its revised capacity release program (the "New Program"), the Company will calculate a capacity release rate to become effective each November 1 for a twelve-month release term. This capacity release rate will be set at the Company's projected Adjusted WACOT for the twelve-month release term. Sellers will pay directly to the Company's pipeline suppliers the Adjusted WACOT established for that twelve-month release term for all interstate pipeline capacity released to them during the twelve-month term.

The revised CRSA will be used to credit or charge firm transportation customers for any reconciled amounts associated with the difference between the Adjusted WACOT charged to Sellers during the twelve-month release term and the actual Adjusted WACOT experienced by the Company during the same period. The existing CRSA will be used to implement a final reconciliation of the current capacity release program for the twelve-month period ended October 31, 2010, which will be included in the revised CRSA for the period from November 1, 2010 through October 31, 2011.

Summary of Tariff Changes

The following tariff changes have been made to reflect the New Program:

- Leaf 80.3, which includes a description of the CRSA, has been revised to define the CRSA as the difference between the projected Adjusted WACOT and the actual Adjusted WACOT for each twelve-month period commencing November 1. In addition, language has been included allowing for a final reconciliation of the current capacity release program.
- Leaf 152.1 has been revised to include language stating that pipeline capacity will be released to Sellers at the Company's Adjusted WACOT.

¹ As defined in General Information Section 2.2 of the Company's Gas Tariff, the Company's WACOT is adjusted to reduce TransCanada demand charges to the extent necessary to result in comparability between Canadian and domestic commodity costs.

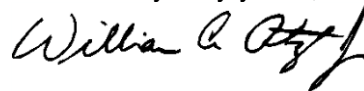
Honorable Jaclyn A. Brillling
October 26, 2010
Page 3 of 3

Conclusion and Notice

Pursuant to Ordering Clause 2 of the March 2010 Order, the Company is filing tariff revisions on not less than one day's notice, to become effective November 1, 2010. Ordering Clause 3 of the March 2010 Order waived the requirements of §66(12)(b) of the Public Service Law as to newspaper publication of the tariff changes filed today.

Any 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

Encs.