

P.S.C. NO. 3 ELECTRICITY
ORANGE AND ROCKLAND UTILITIES, INC.
INITIAL EFFECTIVE DATE: April 1, 2012

LEAF: 216
REVISION: 0
SUPERSEDING REVISION:

GENERAL INFORMATION

15. MARKET SUPPLY CHARGE ("MSC") (Continued)

15.1 FORECAST MSC COMPONENT (Continued)

(C) Capacity

The capacity component shall be based on the pre-capability period strip auction price paid by the Company for the capacity it purchases from the NYISO for Zone G prior to the start of each summer and winter capability period. Capacity costs shall be reflected in the Forecast MSC Component only during peak hours defined as the eight-hour period between 12:00 noon and 8:00 PM on weekdays, excluding holidays. For each peak hour, the capacity price will be adjusted for the Unforced Capacity Requirement of the NYISO and shall be adjusted by the applicable class-specific load factor.

(D) Hedging Adjustment

The Hedging Adjustment will be based on the estimated costs or benefits associated with hedging instruments for the billing month. The Hedging Adjustment will be determined by dividing the estimated hedging gains/losses for the billing month by the billing month forecast of kWh sales for customers subject to the MSC.

15.2 MSC ADJUSTMENT

The MSC Adjustment will be determined monthly by subtracting the Company's Actual Monthly Total MSC Cost, including costs associated with both voluntary and mandatory day-ahead hourly pricing customers, and the reconciliation of supply costs and revenues from two months prior, from total MSC revenue recovered through the Forecast MSC Component, MSC Adjustment, and both voluntary and mandatory day-ahead hourly pricing charges, and dividing the result by the Company's billing month forecast of kWh sales for customers subject to the MSC. The MSC Adjustment will be developed on a two-month lag and will be assessed on an equal cents per kWh basis for all customer classes subject to the MSC with the following exception. The costs/benefits associated with hedging instruments shall not be included in the MSC Adjustment applicable to Service Classification No. 9, Service Classification No. 22, and Service Classification No. 25, Rates 3 and 4 customers.

Issued By: William Longhi, President, Pearl River, New York