

**P.S.C. NO. 3 ELECTRICITY
ORANGE AND ROCKLAND UTILITIES, INC.**

INITIAL EFFECTIVE DATE: July 1, 2012

Issued in compliance with Order in Case 11-E-0408 dated 06/15/2012.

LEAF: 215

REVISION: 1

SUPERSEDING REVISION: 0

GENERAL INFORMATION**15. MARKET SUPPLY CHARGE ("MSC") (Continued)****15.1 FORECAST MSC COMPONENT (Continued)**

- Substation Service – Substation service customers under Service Classification No. 9, Service Classification No. 22, and Service Classification No. 25, Rates 3 and 4 who are exempt from Mandatory Day-Ahead Hourly Pricing;
- Transmission Service – Transmission service customers under Service Classification No. 9, Service Classification No. 22, and Service Classification No. 25, Rates 3 and 4 who are exempt from Mandatory Day-Ahead Hourly Pricing;
- Lighting – Service Classification Nos. 4, 6 and 16; and
- Traffic Lighting – Service Classification No. 5.

The Forecast MSC Component shall be comprised of: (a) a load shape weighted average of forecast peak and off-peak energy charges; ancillary services and NYPA Transmission Adjustment Charges ("NTAC"); (b) capacity charges; and (c) an estimate of hedging gains/losses. The energy, capacity and ancillary services/NTAC charges will be adjusted for losses using the loss factors set forth in General Information Section No. 31. Estimated hedging gains/losses will be applied through a Hedging Adjustment on a per kWh basis. The resulting class-specific Forecast MSC Component will be applied to all kWh usage during the billing month. For Service Classification Nos. 19, 20 and 21, separate peak and off-peak Forecast MSC Components will be determined based on the time periods defined in each service classification.

(A) Energy

The energy component of the Forecast MSC Component will be based upon the Company's forecast of peak and off-peak energy prices for NYISO Zone G.

(B) Ancillary Services and NYPA Transmission Adjustment Charge ("Ancillary Services/NTAC")

The Ancillary Services/NTAC component of the Forecast MSC Component shall be based on an estimate of the cost per kWh for such components for the billing month.

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