

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

INITIAL EFFECTIVE DATE: July 1, 2012

LEAF: 249
REVISION: 1
SUPERSEDING REVISION: 0Issued in compliance with Order in Case 11-E-0408 dated 06/15/2012.

GENERAL INFORMATION**24. TEMPORARY STATE ASSESSMENT SURCHARGE ("TSAS")**

To implement the changes to Section 18-a of the Public Service Law, signed into law on April 7, 2009, the Company will collect through a delivery service surcharge, called the Temporary State Assessment Surcharge ("TSAS"), the amount assessed to the Company, excluding gross receipts tax, in excess of the amount reflected in base rates. As directed in the Commission's Order, dated June 19, 2009, in Case 09-M-0311, the TSAS for each 12-month period commencing July will be designed to collect any Section 18-a assessment for the State fiscal year that commenced April of that year above the amount reflected in base rates, plus uncollectible expenses based on the amount reflected in base rates and working capital costs at the Company's pre-tax rate of return. To the extent the amount of the surcharge decreases in any year due to a fluctuation in annual intrastate gross operating revenues, the Company will maintain the prior year's surcharge to improve its cash flow position without increasing customers' bills.

Any difference between Section 18-a amounts to be recovered and actual amounts collected, excluding gross receipts taxes, will be reflected in a subsequent period surcharge; provided, however, that any reconciliation amount required to be collected after the last year that the surcharge is in effect, will be deferred, plus working capital costs, for collection from or refund to customers.

The TSAS will be allocated to each customer class based on the class contribution to the Company's total electric revenues, including gross receipts taxes. The contribution of each class will include both delivery and supply charges, (including estimated supply charges for retail access classes), and gross receipts taxes for all. For purposes of calculating the TSAS, the voluntary time-of-use service classifications will be combined with their otherwise applicable service classifications.

The TSAS that is applicable to service under this Schedule will be collected on a monthly basis. The unit amount to be collected will be shown on the Statement of Temporary State Assessment Surcharge (the "Statement") that is filed with the Commission apart from this Schedule.

Unless otherwise directed by the Commission, any change to the unit amounts to be collected will be filed with the Commission on a revised Statement no less than 15 days prior to the Statement's effective date.

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