

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: 260

REVISION: 2

SUPERSEDING REVISION: 1

GENERAL INFORMATION**30. REVENUE DECOUPLING MECHANISM ("RDM") ADJUSTMENT (Continued)****(B) Determination of RDM Adjustment (Continued)**

Since loads served under Rider B, NYPA – Recharge New York ("RNY"), and usage above the Baseline Billing Determinants under Rider C, Excelsior Jobs Program ("EJP"), are exempt from the RDM, Delivery Revenue Targets will be revised for allocations made under RNY and deliveries under EJP. Delivery Revenue Targets will be decreased/increased as RNY and EJP customers move from/into RDM customer groups.

On a monthly basis, interest at the Commission's rate for other customer provided capital will be calculated on the average of the current and prior month's cumulative delivery revenue excess/shortfall (net of state and federal income tax benefits).

At the end of an Annual RDM Period, as defined below, total delivery revenue excess/shortfalls for each customer group will be refunded/surcharged to customers through customer group specific RDM Adjustments applicable during a corresponding RDM Adjustment Period as defined below. The RDM Adjustment for each applicable customer group shall be determined by dividing the amount to be refunded/surcharged to customers in that customer group by estimated kWh deliveries to customers in that customer group over the RDM Adjustment Period. RDM Adjustments shall be rounded to the nearest \$0.00001 per kWh.

Following each RDM Adjustment Period, any difference between amounts required to be charged or credited to customers in each customer group and amounts actually charged or credited will be charged or credited to customers in that customer group, with interest, over a subsequent RDM Adjustment period, or as determined by the Commission if no RDM is in effect.

Annual RDM Periods are the 12-month periods ending June 30, of each year. The Company will file a Statement of RDM Adjustments during the month following the end of each Annual RDM Period and no less than ten calendar days before August 1 on which the statement becomes effective for one year.

If for any reason, a customer group included in the RDM no longer has any customers, the revenue target for that discontinued customer group, plus any RDM delivery revenue excess or shortfall, will be reallocated to other remaining customer groups to provide for equitable treatment of any revenue excess or shortfall from the discontinued customer group. In the event RDM revenue is reallocated, the Company will consult with Commission Staff regarding such reallocation.

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