



May 29, 2012

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

Dear Secretary Brilling:

Orange and Rockland Utilities, Inc. ("the Company") herein submits for filing its Statement of Market Supply Charge, Statement No. MSC-3, to its Schedule for Electric Service, P.S.C. No. 3-ELECTRICITY. This Statement is issued May 29, 2012, to become effective June 1, 2012.

Pursuant to the Commission's Order Establishing Rates for Electric Service, issued June 17, 2011 in Case No. 10-E-0362, the Company's Market Supply Charge ("MSC") methodology has been revised. Under the revised MSC methodology, the Company's purchased power costs, including hedging gains or losses, will be based on the Company's forecast of such costs for the month in which the MSC is billed. In addition, the MSCs for the voluntary time-of-use classes have been changed from single monthly rates to monthly peak and off-peak rates for each service classification.

In January 2012, the Company over collected approximately \$4.4 million, excluding hedging impacts. To mitigate the impact of this adjustment on the March 2012 MSC rates, the Company deferred refund of \$2.2 million, one half of the \$4.4 million over collection, to subsequent month(s). In its April 2012 MSC, the Company refunded the full \$1.3 million February overcollection and one quarter of the \$2.2 million deferred portion of the January overcollection. In its May 2012 MSC, the Company refunded the full \$0.7 million March overcollection and one half of the \$2.2 million deferred portion of the January overcollection. In April 2012, the Company experienced an overcollection of \$0.4 million. In its June 2012 MSC, the Company proposes to refund the full \$0.4 million April overcollection and the remaining, one quarter of the \$2.2 million deferred portion of the January overcollection.

This statement also includes a determination of the capacity and adder rates necessary for Day-Ahead Hourly Pricing customers pursuant to the Commission's Order issued April 24, 2006, in Case 03-E-0641.

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The Company also includes a copy of the workpapers used to determine the June 2012 MSC.

Questions regarding this filing can be directed to me at (212) 460-3308.

Sincerely,

/s/

William A. Atzl, Jr.  
Director – O&R Rates