

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

INITIAL EFFECTIVE DATE: July 1, 2012

SUPERSEDING REVISION: 1

LEAF: 259

REVISION: 2

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

**GENERAL INFORMATION****30. REVENUE DECOUPLING MECHANISM ("RDM") ADJUSTMENT**

Actual delivery revenues for certain customer classes are subject to reconciliation through an RDM Adjustment.

**(A) Applicability**

The RDM Adjustment is applicable to Service Classification ("SC") Nos. 1, 2, 3, 9, 19, 20, 21, and 22. For RDM purposes, these Service Classifications shall be assigned to customer groups as follows:

- Group A – SC Nos. 1 and 19 customers
- Group B – SC No. 2 Secondary and SC No. 20 customers
- Group C – SC No. 2 Primary and SC Nos. 3 and 21 customers
- Group D – SC No. 9 customers
- Group E – SC No. 22 customers

The RDM is not applicable to (a) Service Classification Nos. 4, 5, 6, 15, 16, 23, and 25; (b) customers taking service under Riders G, H, and J; (c) kWh usage delivered under Rider B, NYPA RNY Program, up to the RNY Allocation; and (d) usage delivered under Rider C, Excelsior Jobs Program, above the Baseline Billing Determinants. Customers taking service under Riders G, H, and J, and usages delivered under Rider C, Excelsior Jobs Program, above the Baseline Billing Determinants will be excluded from the RDM from July 1, 2012 until the Company's base electric rates are next reset, even if service under these riders expires during this period.

**(B) Determination of RDM Adjustment**

For each customer group subject to the RDM Adjustment, the Company will compare, on a monthly basis, the difference between Actual Delivery Revenue and corresponding Delivery Revenue Targets. Actual Delivery Revenue is defined as the sum of total revenue derived from customer charges and delivery charges, as defined in the service classifications included in each customer group. Commencing July 1, 2014, Actual Delivery Revenue will also include revenues associated with the Temporary Surcharge in the Energy Cost Adjustment. Actual Delivery Revenue shall not include revenues derived from the RDM Adjustment.

For each customer group subject to the RDM Adjustment, the Company will, on a monthly basis, compare Actual Delivery Revenue to a Delivery Revenue Target. If the monthly Actual Delivery Revenue exceeds the Delivery Revenue Target, the delivery revenue excess will be accrued for refund to customers at the end of the Annual RDM Period as defined below. Likewise, if the monthly Actual Delivery Revenue is less than the Delivery Revenue Target, this delivery revenue shortfall will be accrued for recovery from customers at the end of the Annual RDM Period.

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