

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

INITIAL EFFECTIVE DATE: July 1, 2012

LEAF: 257
REVISION: 1
SUPERSEDING REVISION: 0Issued in compliance with Order in Case 11-E-0408 dated 06/15/2012.

GENERAL INFORMATION**29. TRANSITION ADJUSTMENT FOR COMPETITIVE SERVICES ("TACS")****(A) Applicability**

A Transition Adjustment for Competitive Services ("TACS") will be applied, on a per kWh basis, to the bills of all customers taking service under this Rate Schedule. The TACS shall be reset annually effective July 1 of each year.

(B) Definitions for Purposes of the TACS

"Merchant Function Charge Fixed Component Lost Revenue" shall be equal to a revenue target attributable to the Merchant Function Charge ("MFC") Fixed Components consisting of a) commodity procurement costs, including purchased power working capital and a commodity revenue-based allocation of information resources and education and outreach costs; and b) credit and collections costs portions of the MFC, minus the revenues received through the MFC relating to such MFC Fixed Components. The MFC Fixed Component revenue targets are \$10,032,080, \$10,633,260, and \$11,263,505 for the periods commencing July 1, 2012, July 1, 2013, and July 1, 2014, respectively.

"Billing and Payment Processing Lost Revenue" shall be equal to the total of billing and payment processing charges avoided by retail access customers less billing service charges assessed on ESCOs participating in the Company's Electric Retail Access program and electing the Utility Single Bill Option, less the Company's avoided costs associated with ESCOs participating in the Company's Electric Retail Access Program and electing the ESCO Single Bill Option.

"Metering Lost Revenue" shall be equal to the total of metering services charges (i.e., the total of meter ownership charges, meter service provider charges, and meter data service provider charges), avoided by customers taking competitive metering services, less the Company's avoided costs associated with customers taking competitive metering services.

"Credit and Collections Lost Revenue Associated with Retail Access" shall be equal to the target level of credit and collections costs reflected in the POR discount minus revenues received through the credits and collections component of the POR discount. The revenue targets are \$868,443, \$923,055, and \$976,157 for the periods commencing July 1, 2012, July 1, 2013, and July 1, 2014, respectively.

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