

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

INITIAL EFFECTIVE DATE: July 1, 2012

SUPERSEDING REVISION:

LEAF: 256

REVISION: 1

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

GENERAL INFORMATION**28. MERCHANT FUNCTION CHARGE ("MFC") (Continued)****(C) Uncollectibles Charge**

The uncollectibles charge will be determined separately each month for: (i) SC Nos. 1 and 19, (ii) SC Nos. 2 Secondary, 4, 5, 6, 16 and 20, and (iii) SC Nos. 2 Primary, 3, 9, 21, 22 and 25. The uncollectible expense ("UC Expense") for each of these groups shall be determined monthly based on an estimate of costs recoverable through the Market Supply Charge ("MSC") and an uncollectibles percentage ("UC Percentage") applicable to each group. UC Expense for each group will then be adjusted to reflect the Company's actual overall uncollectibles experience for the twelve month period ended the previous June 30 applicable to all electricity and gas customers eligible for the Company's Purchase of Receivables Program. UC Expense for each group, adjusted as set forth above, shall be divided by an estimate of corresponding full service kWh deliveries to determine the uncollectibles charge per kWh to be included in the MFC. The UC Percentages shall be reset annually effective November 1 based on the Company's actual uncollectibles experience for the twelve month period ended the previous June 30 applicable to all electricity and gas customers eligible for the Company's Purchase of Receivables Program.

(D) Reconciliation of MFC Components

Revenues associated with the MFC components shall be reconciled annually in accordance with the operation of the Transition Adjustment for Competitive Services, as set forth in General Information Section No. 29 of this Rate Schedule.

(E) Statement of Merchant Function Charge

- (1) The MFC shall be effective for service rendered on and after the first day of the calendar month following the computation date and shall continue in effect until changed. The MFC will be prorated based on the number of days each MFC is in effect in a billing period.
- (2) A Statement of Merchant Function Charge shall be filed with the Commission apart from this Schedule not less than three days prior to the date on which it is proposed to be effective. Such Statement will be available to the public at Company offices at which applications for service may be made.

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