

P.S.C. NO. 3 ELECTRICITY
ORANGE AND ROCKLAND UTILITIES, INC.
 INITIAL EFFECTIVE DATE: February 28, 2021

LEAF: 221.22
 REVISION: 0
 SUPERSEDING REVISION:

GENERAL INFORMATION

16. ADDITIONAL DELIVERY CHARGES AND ADJUSTMENTS (Continued)

16.8 CHARGES FOR MUNICIPAL UNDERGROUNDING (Continued)

(B) Calculation of Incremental Annual Revenue Requirement (Continued)

(2) Incremental Depreciation Expense (Continued)

Depreciation expense for the Overhead Facilities will be computed by applying the approved depreciation rates, in effect at the time the initial surcharge calculation is made for any municipality, to the book cost of the Overhead Facilities.

(3) Rate of Return Component

The rate of return component will be computed by applying the overall rate of return reflected in the rates resulting from the Company's most recent electric rate proceeding, including all income tax effects thereon, to the Incremental Capital Costs of the Underground Facilities.

(4) Incremental Property Taxes

Incremental property taxes will be computed by subtracting the property tax expense for the Overhead Facilities from the property tax expense for the Underground Facilities. Property tax expense for the Underground Facilities will be computed by applying current property tax rates to the estimated assessed valuation of the Underground Facilities. Property tax expense for the Overhead Facilities will be computed by applying current property tax rates to the estimated assessed valuation of the Overhead Facilities at the time the initial surcharge calculation is made for any municipality.

(C) Surcharge Calculation

The surcharge will be assessed on a per kilowatt hour basis to all applicable customers within the municipality requiring or requesting the undergrounding of existing distribution or transmission facilities. The surcharge will take effect as soon as the Underground Facilities are placed into service, unless the Company and the municipality agree, in writing, to defer the implementation of the surcharge. In the case of such deferred implementation, interest at the Company's weighted cost of capital awarded in its most recent electric rate proceeding shall be accrued on the Incremental Capital Costs and Incremental Property Taxes from the date the Underground Facilities are placed into service until the date the surcharge is implemented. In such instance, the accrued interest will be added to the Incremental Capital Costs and the surcharge will be recalculated.

Issued By: Robert Sanchez, President, Pearl River, New York