

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

INITIAL EFFECTIVE DATE: December 1, 2016

Issued in compliance with Order in Case 14-M-0101 dated 5/19/2016.

LEAF: 251

REVISION: 4

SUPERSEDING REVISION: 3

GENERAL INFORMATION**25. ENERGY COST ADJUSTMENT ("ECA") (Continued)****(B) Variable ECA**

The Variable ECA will be determined monthly and is designed:

- (1) to recover shortfalls and surpluses in auctions, day-ahead market congestion settlements, or any other adjustments related to Transmission Congestion Contracts ("TCCs") received by the Company from the NYISO;
- (2) to credit to customers the Company's share of the Constellation Settlement Refund, plus any interest disbursements from NYSERDA, pursuant to the Commission's Order in Case No. 13-E-0232, issued and effective September 20, 2013; and
- (3) to recover costs on an as-incurred basis including, but not limited to, costs for program development, marketing, evaluation, staffing, incentives and marketing research resulting from Riders D, E, and F.
- (4) to recover Standby Reliability Credits provided to customers served under Service Classification No. 25.

The Variable ECA shall be equal to the cost components defined above divided by the Company's estimate of total customer kWh usage for the applicable billing month, rounded to the nearest \$0.00001 per kWh.

(C) Reconciliation

Each month, ECA costs applicable to the Base ECA and Variable ECA incurred by the Company shall be reconciled to Base ECA and Variable ECA recoveries and any differences shall be deferred. Interest, at the Commission-approved rate for Gas Adjustment Charge refunds, will be calculated on the average of the current and prior month's cumulative over and under collections. The annual Base ECA filing submitted by the Company will include the reconciliation of Base ECA and Variable ECA actual costs and recoveries for the prior period. However, the EE Tracker Mechanism component of the Base ECA will reconcile actual collections to the target amount included in the prior year's Base ECA filing for the EE Tracker as part of the annual Base ECA filing.

Issued By: Timothy Cawley, President, Pearl River, New York