



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE BOARD'S ESTABLISHMENT)	ORDER DESIGNATING
OF A GENERIC PROCEEDING TO REVIEW COSTS,)	COMMISSIONER AND
BENEFITS, AND RELIABILITY IMPACTS OF MAJOR)	SETTING MANNER OF
STORM EVENT MITIGATION EFFORTS)	SERVICE AND BAR DATE
)	
IN THE MATTER THE VERIFIED PETITION OF)	
ROCKLAND ELECTRIC COMPANY FOR)	DOCKET NO. AX13030197
ESTABLISHMENT OF A STORM HARDENING)	AND
SURCHARGE)	DOCKET NO. ER14030250

Parties of Record:

James C. Meyer, Esq., Rockland Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD

BACKGROUND

On November 27, 2013, Rockland Electric Company ("RECO" or "the Company") filed a Verified Petition ("Base Rate Petition") with the New Jersey Board of Public Utilities ("Board") seeking changes in the Company's base rates. ¹ In addition to requesting an increase in RECO's base electric distribution rates and charges, changes to certain electric and general plant depreciation rates, various tariff changes, and termination of the Smart Grid Surchage Grid Surchage, the Base Rate Petition proposed to implement various incremental hardening and resiliency measures in response the recent, heightened major storm activity, and a proposed rate mechanism to recover the costs of those proposals. These Company proposals

¹ I/M/O the Verified Petition of Rockland Electric Company for Approval of Changes in Electric Rates. Its Tariff for Electric Service, and Its Depreciation Rates; Termination of the Smart Grid Surchage; Establishment of a Storm Hardening Surchage; and for Other Relief. BPU Docket No. ER13111135 ("Base Rate Case").

were described in the Company's Base Rate Petition and the direct testimony of the Storm Hardening Panel, the Smart Grid Panel, the System Enhancement Panel, and the Electric Rate Panel.

Per the Base Rate Petition, the Company explained it would make a follow-up filing to set forth additional details regarding the costs of the Company's specific storm hardening and resiliency investments and programs, as well as provide for cost recovery through a revised adjustment charge anticipated to become effective on January 1, 2015. The Base Rate Petition was transmitted to the Office of Administrative Law ("OAL") for evidentiary hearings and assigned to the Honorable Irene Jones.

By letter from Board Staff to the OAL dated February 26, 2014, the Board requested that the OAL return to the Board the portions of RECO's Base Rate Case pertaining to the requested approval of storm hardening measures and associated costs so that they may be made part of the generic proceedings.² In its March 20, 2013 Order in the Generic Storm Mitigation Proceeding, the Board directed that each utility storm mitigation filing would be reviewed in a separate sub-docketed proceeding.

March 2015 Filing

On March 16, 2015, the Company filed a petition with the Board for approval to implement various incremental storm hardening and resiliency proposals, and for approval of a rate mechanism to recover the costs of those proposals. The Company developed the proposals set forth in the petition to support and protect the Company's infrastructure so that it may better withstand major storm events. To recover the costs associated with these proposals, the Company requests Board approval of a Storm Hardening Surcharge ("SHS"). The five-year (2016-2020) Storm Hardening Program calls for \$61.1 million in capital spending, and \$4.2 million in operation and maintenance ("O&M") expenses.

To recover the costs associated with these proposals, the Company requests Board approval of a SHS to be applied to the kWh usage on the bills of all customers served under RECO's service territory. Such costs include the carrying costs (depreciation and return on net investment, including tax effects) on capital investments, and the incremental O&M expenses associated with the programs. In addition, the SHS will include any prior period over or under-recoveries. The SHS will be subject to deferred accounting, with interest, and reconciled annually by comparing actual SHS Costs to actual SHS revenues. Any difference will be included in the following year's SHS filing. Interest, calculated as determined by the Board in its Order dated October 21, 2008, Docket Number ER08060455, will be included in the deferred balance for both an over-collection and for an under-collection.

On September 1st of each program year, the Company proposes to file with the Board the proposed SHS to be effective for the twelve-month period commencing the following January 1. The annual filings are to provide current recovery of the forecasted SHS revenue requirement for the period in which the SHS will be in effect, and the recovery of any over or under-recovered balances, including interest.

² I/M/O the Board's Establishment of a Generic Proceeding to Review Costs, Benefits and Reliability Impacts of Major Storm Event Mitigation Efforts, BPU Docket No. AX13030197 ("Generic Storm Mitigation Proceeding").

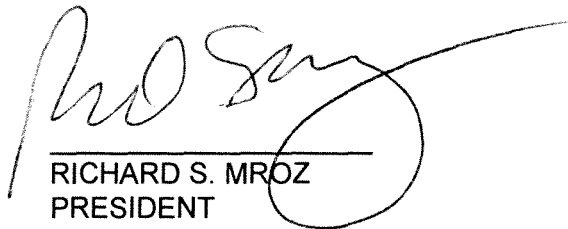
DISCUSSION

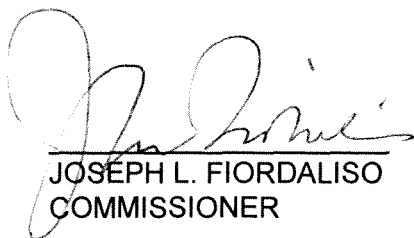
The Board determined that the petition described above should be retained by the Board for hearing. Pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Mary-Anna Holden as the presiding officer who is authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entities seeking to intervene or participate in this matter file the appropriate application with the Board on or before June 5, 2015.

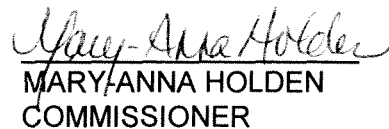
In the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing two (2) hard copies to each party, unless otherwise requested by the parties. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

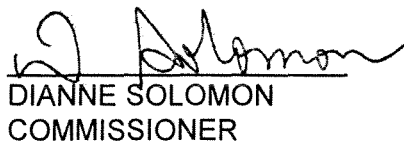
DATED: 4/16/15

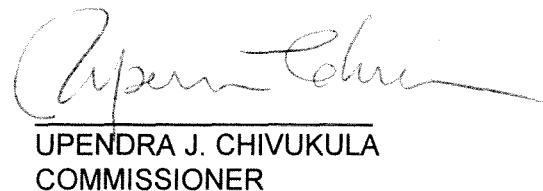
BOARD OF PUBLIC UTILITIES
BY:

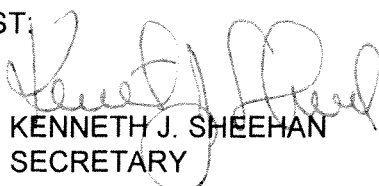

RICHARD S. MROZ
PRESIDENT

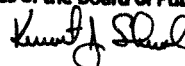

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:

KENNETH J. SHEEHAN
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities


IN THE MATTER OF THE BOARD'S ESTABLISHMENT OF A GENERIC PROCEEDING TO
REVIEW COSTS, BENEFITS, AND RELIABILITY IMPACTS OF MAJOR STORM EVENT
MITIGATION EFFORTS - DOCKET NO. AX13030197

IN THE MATTER THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR
ESTABLISHMENT OF A STORM HARDENING SURCHARGE - DOCKET NO. GR14030250

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