

**NOTICE TO ROCKLAND ELECTRIC
COMPANY CUSTOMERS**

**Notice of a Filing
and Notice of Public Hearings**

**IN THE MATTER OF THE IMPLEMENTATION OF P.L. 2018, C. 17 REGARDING THE
ESTABLISHMENT OF ENERGY EFFICIENCY AND PEAK DEMAND REDUCTION
PROGRAMS**

AND

**IN THE MATTER OF THE PETITION OF ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF AN ENERGY EFFICIENCY PROGRAM, COST RECOVERY
MECHANISM, AND OTHER RELATED RELIEF FOR PLAN YEARS ONE THROUGH
THREE**

BPU DOCKET NOS. QO19010040 AND EO20090623

PLEASE TAKE NOTICE that on September 25, 2020 Rockland Electric Company (“RECO” or “Company”) filed a Verified Petition and supporting documents with the New Jersey Board of Public Utilities (“Board” or “BPU”) requesting approval of the Company’s Energy Efficiency (“EE”) and Peak Demand Reduction (“PDR”) Programs (collectively “Program”) (“Petition”).

On June 10, 2020, the BPU issued an Order directing the New Jersey public utilities to achieve energy reduction targets set by the BPU and implement EE and PDR programs to achieve those energy reduction targets (“June 2020 Order”). The June 2020 Order established penalties for the utilities if the targets are not achieved and incentives if the targets are exceeded, and permitted the utilities to recover the costs of their EE and PDR programs and any revenues lost by the utilities as a result of the utility run EE and PDR programs.

The Company’s Petition requests BPU approval to implement five (5) EE programs and two (2) PDR programs in compliance with the June 2020 Order. The forecasted increase in revenue requirement associated with the Program in the first year (2021) is \$402,907. The Company proposes to recover the costs of the Program from its ratepayers over the 2021 to 2031 time-frame. The Company anticipates that Program costs will be \$5,000,252 in the first year, \$5,859,176 in the second year, and \$7,159,787 in the third year. The total cost of the Program which RECO seeks to recover from its ratepayers is \$18,009,271, which includes \$1,803,174 in expenses. As directed in the June 2020 Order, the Company calculated the amortization expense associated with the Program using a 10-year asset life for expenditures. The Company proposes to recover the costs of the Program from its ratepayers during the time-frame 2021 through approximately 2031. These approximate dates are being provided for informational purposes only and are not intended to prejudice any RECO request for recovery of Program costs.

The Company proposes to recover the costs of the Program by establishing the Clean Energy Act (“CEA”) component of the Company’s existing Societal Benefits Charge (“SBC”). The CEA component of the SBC will be a non-bypassable charge that will be set annually based on the sum of: (1) the Company’s forecasted revenue requirement and any incremental operation and maintenance (“O&M”) expenses associated with the Program; and (2) any prior period over- or

under-recoveries, including interest. That total sum will then be divided by the forecast of the Company's kWh deliveries to all customers served under the Company's electric tariff for the annual recovery period. The resulting rate in cents per kWh will then be increased to reflect Sales and Use Tax ("SUT"). For each month, the actual revenue collected through the CEA component of the SBC will be compared to the sum of the month's revenue requirement and any incremental O&M expenses. A carrying charge will be included in the deferred balance for both an over-collection or an under-collection of revenues. The carrying charge will be calculated as determined by the Board in BPU Docket No. ER08060455. The interest rate shall be the interest rate based on two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus 60 basis points, but not to exceed the Company's overall rate of return. The interest rate will be reset each month. The Company proposes to make annual filings on or before August 1 of each year that will reconcile the prior period program year collections versus recoveries and will forecast the revenue requirement for the following program year. The Company proposes an effective date of October 1 for the proposed change to the CEA component of the SBC.

The June 2020 Order also allowed the utilities to propose a mechanism to recover revenues lost as a result of the utility run Program. The Company is proposing a modified Conservation Incentive Program ("CIP") to recover lost revenues associated with the implementation of the Program. The proposed CIP will recover lost revenues through a CIP Adjustment Mechanism ("CAM"), which will include customer group specific non-bypassable charges or credits applicable to customers included in the modified CIP calculation. The customer classes included in the CIP are Service Classification ("SC") Nos. 1, 2, 3, and 5. The Company has grouped the SCs together as follows:

- Group A (Residential): SC Nos. 1, 3, and 5
- Group B (Secondary Commercial): SC No. 2 – Secondary
- Group C (Primary Commercial): SC No. 2 – Primary

Under the proposed CAM, for each month, the Company will compare the monthly target revenue to the actual distribution revenue. At the end of the annual period, the customer group-specific RECO CIP adjustments will be determined on a cents per kWh basis by dividing the sum of the distribution revenue over- or under-collection, including a carrying charge, for the current program year for each customer group and any prior period over- or under-collections by the forecast of the Company's kWh deliveries to customers for the annual recovery period. The resulting customer group rates in cents per kWh will then be increased to reflect SUT. The RECO CAM will not become effective until after the end of the first program year (i.e., the 12 months ending May 31, 2022). The Company will then make an annual filing on or before June 15th of each year to determine the RECO CIP Adjustments that will become effective July 1 of each year. Because the RECO CAM will not become effective until after the end of the first program year (i.e., the 12 months ending May 31, 2022), the Company has no current estimate of any customer group specific surcharge or credit.

The Company proposes that the initial CEA component of the SBC be set at 0.031 cents per kWh, including SUT (0.029 cents per kWh excluding SUT).

The effect of the proposed CEA component of the Company's existing SBC on typical residential electric bills as of February 1, 2021, if approved by the Board, is illustrated below:

Residential Electric Service

Typical Average Monthly Bill for customers using 808 kWh per summer month, and 7,800 kWh on an annual basis				
(Includes Sales and Use Tax)				
	Bill Amount		Increase	
	Present (1)	Proposed (2)	Amount	Percent
650 kWh average monthly use	\$117.27	\$117.47	\$0.20	0.17
925 kWh average monthly use	\$169.22	\$169.51	\$0.29	0.17
1,500 kWh average monthly use	\$277.64	\$278.11	\$0.47	0.17

- (1) Based upon Basic Generation Service Residential Small Commercial Pricing (BGS-RSCP) and Delivery Rates in effect February 1, 2021 and assumes that the customer receives BGS-RSCP service from RECO.
- (2) Same as (1) except includes addition of CEA component of the SBC.

Based upon the Company’s Petition, the statewide average residential customer using 808 kWh per summer month, and 7,800 kWh on an annual basis, would see an increase of \$2.44 in the annual bill from \$1,407.20 to \$1,409.64, or approximately 0.17%. The percentage change applicable to specific customers will vary according to the applicable service classification and the level of the customer’s usage. The annual rate impact of the program for a typical customer using 7,800 kWh per year is expected to average \$0.39 per year or 0.99% over the over the July 2021 through June 2024 period, and is expected to peak at a \$1.16 increase in June 2024 compared to current bills.

The Company’s Petition is posted on the Company’s website at <https://www.oru.com/en/nj-rates-tariffs>.

Due to the COVID-19 pandemic, a telephonic public hearing will be conducted on the following date and times so that members of the public may present their views on the Company’s Petition:

Telephonic Public Hearings will be Held:

Date: March 11, 2021
Times: 4:30 PM and 5:30 PM
Telephone number: (518) 708-8084
Passcode: 262-586-283

If you elect to attend or participate in the telephonic public hearing, please dial the “Telephone number” above. When prompted, enter the “Passcode” listed above.

Representatives from the Company, Board Staff, and the New Jersey Division of Rate Counsel will participate via phone in the telephonic public hearing. Members of the public are invited to listen and participate by phone via the above designated telephone number and passcode and may express their views on this Petition. Such comments will be made part of the final record of the proceeding to be considered by the Board. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, such as interpreters or listening devices, 48 hours prior to the above hearings to the Board Secretary at board.secretary@bpu.nj.gov. The Board will also accept email/written comments. Members of the public may file comments with the Board Secretary, whether via email in pdf or Word format to board.secretary@bpu.nj.gov or through the Board’s External Access Portal after obtaining a

MyNewJersey Portal ID. Once an account is established, you will need an authorization code, which can be obtained upon request by emailing the Board's IT Helpdesk at BPUIHELPDESK@bpu.nj.gov. Detailed instructions for e-filing can be found on the Board's home page at <https://www.nj.gov/bpu/agenda/efiling>. Written comments may also be submitted to the Board Secretary, Aida Camacho, at the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, Trenton, P.O. Box 350, New Jersey 08625-0350. All comments should include the name of the petition and the docket number. While all comments are given equal consideration and will be made part of the final record of the proceeding, the recommended method for submission of comments is via email or the portal to ensure timely receipt while the Board continues to work remotely due to the COVID-19 pandemic.

The public hearing will continue, if necessary, on such additional dates and times as the Board may designate, to ensure that all interested persons are heard.

ROCKLAND ELECTRIC COMPANY