



Agenda Date: 10/22/14
Agenda Item: 2A

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 VERIFIED PETITION OF)	ORDER
ROCKLAND ELECTRIC COMPANY FOR APPROVAL)	
OF AN ENERGY EFFICIENCY STIMULUS PROGRAM)	
AND ASSOCIATED RATE RECOVERY- 2012 ANNUAL)	
TRUE-UP)	DOCKET NO. ER12080795
)	
AND)	AND
)	
IN THE MATTER OF THE VERIFIED PETITION OF)	DOCKET NO. ER13090812
ROCKLAND ELECTRIC COMPANY FOR APPROVAL)	
OF AN ENERGY EFFICIENCY STIMULUS PROGRAM)	
AND AN ASSOCIATED RATE RECOVERY- 2013)	
ANNUAL TRUE-UP)	

Parties of Record:

Margaret Comes, Esq., Rockland Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board") is considering a stipulation of settlement ("Stipulation") executed by Rockland Electric Company ("RECO" or "Company"), the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Parties").

BACKGROUND/PROCEDURAL HISTORY

By Order dated November 23, 2009 ("November 23 Order") in Docket Nos. EO09010056 and EO09010061, the Board approved a stipulation establishing an Energy Efficiency Stimulus Program ("EES Program") which included three energy efficiency sub-programs for RECO to

implement for a one-year period ending December 31, 2010.¹ The following sub-programs and the associated budgets were approved in the November 23 Order:

Low Income Audit and Install Sub-Program	\$770,000
Residential Enhanced Rebate Sub-Program	\$130,250
On-Line Energy Audit Sub-Program	\$ 90,000

The total budget for EES Program approved by the Board was \$990,250, consisting of program investments of \$859,250 and operating and maintenance ("O&M") expenses of \$131,000. The Company was authorized to recover the costs of the EES Program through a non-bypassable surcharge on all distribution customers ("RGGI Surcharge"), which was initially set at \$0.000167 per kWh, including Sales and Use Tax ("SUT"). The RGGI Surcharge, applicable to all rate schedules on an equal cents per kilowatt-hour basis, is subject to deferred accounting, with interest. It is reconciled and adjusted on an annual basis, incorporating a true-up for any prior period over- or under-recoveries and an estimate of the revenue requirements and the forecasted kWh sales to customers during the upcoming year ending December 31, in which a revised RGGI Surcharge will be in effect. By Order dated June 15, 2011, the Board approved a RGGI Surcharge credit of \$0.000047 per kWh, including SUT.² By Order dated April 11, 2012, the Board approved a RGGI Surcharge credit of \$0.000045 per kWh including SUT.³

By Order dated March 30, 2011, the Board approved a stipulation, in Docket No. EO10120987, executed by the Parties agreeing to the extension of the EES Program through December 31, 2011 or until all remaining budgeted funds were expended, whichever occurs first, and with a close-out period to end on March 31, 2012.⁴

By Order dated March 12, 2012, the Board approved an extension of the Low Income Audit and Install Sub-Program through December 31, 2012 or until all remaining budgeted funds for the sub-program had been expended, whichever occurred first.⁵ Due to lack of customer interest, the Residential Enhanced Rebate and On-Line Energy Audit sub-programs were discontinued with scheduled closeout of these sub-programs by March 31, 2012.

By Order dated March 20, 2013, the Board approved a further extension of the Low Income Audit and Install Sub-Program through December 31, 2013 or until all remaining budgeted funds for the sub-program were expended, whichever occurred first with a close-out period to end March 31, 2014.⁶

¹ In re: the Matter of Energy Efficiency Programs and Associated Cost Recovery Mechanisms and In re the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Cost Recovery, BPU Docket Nos. EO09010056 and EO09010061, Order dated November 23, 2009.

² In re: the Verified Petition of Rockland Electric Company for Approval of Energy Efficiency Stimulus Programs and Associated Rate Recovery, BPU Docket No. ET10090677, Order dated June 15, 2011.

³ In re: the Verified Petition of Rockland Electric Company for Approval of Energy Efficiency Stimulus Programs and Associated Rate Recovery, BPU Docket No. ER11090516, Order dated April 11, 2012.

⁴ In re: the Verified Petition of Rockland Electric Company for Approval of Energy Efficiency Stimulus Programs and Associated Rate Recovery, BPU Docket No. EO10120987, Order dated March 30, 2011.

⁵ In re: the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery- Extension Request, BPU Docket No. EO12020115, Order dated March 12, 2012.

⁶ In re: the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery- Extension Request, BPU Docket No. EO12121073, Order dated March 20, 2013.

2012 Filing

On August 31, 2012, RECO submitted a filing to reconcile its costs and recoveries for the calendar year 2012 ("2012 Annual True-Up"). The 2012 Annual True-Up was assigned BPU Docket No. ER12080795 and proposed a RGGI Surcharge of \$0.000116 per kWh, including SUT.

2013 Filing

On August 30, 2013, RECO submitted a filing to reconcile its costs and recoveries for the calendar year 2013 ("2013 Annual True-Up"). The 2013 Annual True-Up was assigned BPU Docket No. ER13090812 and proposed a RGGI Surcharge of \$0.000311 per kWh, including SUT.

After notice in newspapers in general circulation within RECO's service territory, public hearings were held for both the 2012 and 2013 Annual True-Up petition on September 29, 2014 in Mahwah, New Jersey. No members of the public attended.

STIPULATION

Following discovery and the public hearing, the Parties reached a settlement of all issues and on October 7, 2014, executed the Stipulation. The Stipulation provides the following:⁷

A. RGGI Surcharge

20. The Parties agree that the Company will implement a RGGI Surcharge of \$0.000390 per kWh, including SUT, to be effective the first day of the month following service of the Board Order approving the Stipulation. As set forth in Appendix A and Appendix B attached to the Stipulation, the RGGI Surcharge contains three components: (1) a surcharge of \$0.000118 per kWh, including SUT, related to the Company's estimate of the EES Program's revenue requirement for calendar year 2014; (2) a reconciliation component surcharge of \$0.000189 per kWh, including SUT, due to an under-collection balance of \$299,503 based upon actual data through December 31, 2013; and (3) a Low Income Audit II Program surcharge of \$0.000083 per kWh, including SUT, which was set in BPU Docket No. ER13060535 and continues unchanged.
21. Any over-or under-recovered balances collected through the RGGI Surcharge from January 2014 through December 2014, as well as the associated interest, will be reconciled in the 2015 Annual True-Up filing of the Company.⁸
22. The Parties agree that the proposed rate, as set forth in the tariff sheet in Appendix B, attached to the Stipulation is just and reasonable and RECO is authorized to implement the proposed rate on the first day of the month following the date upon which the Board Order approving the Stipulation is served on the parties of record.

⁷ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

⁸ Although the Company ceased offering the Low Income Audit and Install program to new participants after December 31, 2013, the EES Program component of the RGGI Surcharge will continue since the EES Program revenue requirements are recovered through amortization of the regulatory asset over sixty (60) months.

B. Rate Impact

23. If the Board approves the Stipulation, a RGGI Surcharge will be set at \$0.000390 per kWh, including SUT (\$0.000365 per kWh without SUT), as set forth in Appendix B to the Stipulation which would be in effect until changed by the Board. For a typical residential customer using 808 kWh per summer month, and 7,800 kWh on an annual basis, the current monthly average bill will increase from \$121.61 to \$121.84, or \$0.23 or 0.19 percent.

C. Future Filings

24. In its September 2015 RGGI Surcharge Annual True-Up petition, the Company will also provide current cost of debt information corresponding to the debt components of its Weighted Average Cost of Capital.

DISCUSSION AND FINDING

The Board has carefully reviewed the record to date in both the 2012 and the 2013 Annual True-up petitions, as well as the Stipulation. Accordingly, the Board **HEREBY FINDS** that the Stipulation represents a fair and reasonable resolution of the issues and is in the public interest. The Board **HEREBY ADOPTS** the attached Stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein.

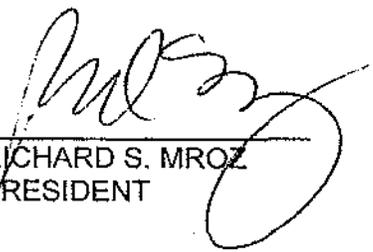
As a result of the Stipulation, the typical residential customer using 808 kWh per summer month and 7,800 kWh on an annual basis would experience an increase in the monthly bill of approximately \$0.23 or 0.19%.

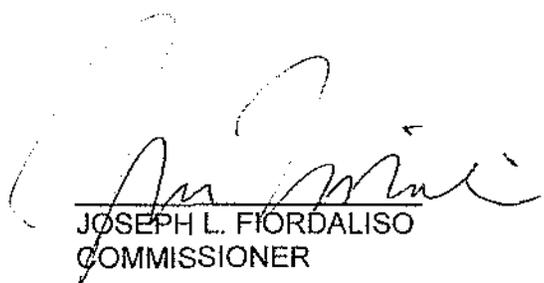
This Board Order shall be effective as of November 1, 2014. The Board **HEREBY ORDERS** RECO to file revised tariff sheets conforming to the terms of the Stipulation within five (5) days of service of this Order.

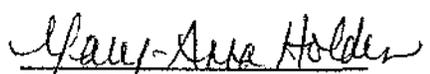
The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 10/22/14

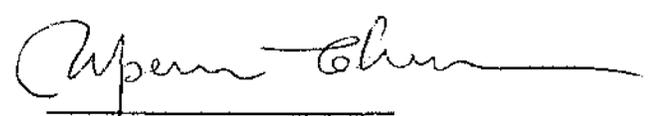
BOARD OF PUBLIC UTILITIES
BY:


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PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:

KRISTI IZZO
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 VERIFIED PETITION OF ROCKLAND ELECTRIC
COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY STIMULUS PROGRAM AND
ASSOCIATED RATE RECOVERY- 2012 ANNUAL TRUE-UP

AND

IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF AN ENERGY EFFICIENCY STIMULUS PROGRAM AND AN ASSOCIATED
RATE RECOVERY- 2013 ANNUAL TRUE-UP

DOCKET NOS. ER12080795 and ER13090812

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**I/M/O THE VERIFIED PETITION OF
ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF AN ENERGY
EFFICIENCY STIMULUS PROGRAM AND
ASSOCIATED RATE RECOVERY**

**BPU DOCKET NOS. ER12080795 and
ER13090812**

**STIPULATION
2012 and 2013 ANNUAL TRUE-UP**

APPEARANCES:

Margaret Comes, Attorney for the Petitioner, Rockland Electric Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel and **Kurt S. Lewandowski**, Esq., Assistant Deputy Rate Counsel, Division of Rate Counsel (**Stefanie A. Brand**, Director)

Carolyn McIntosh and Alex Moreau, Deputy Attorneys General, for Staff of the New Jersey Board of Public Utilities (**John J. Hoffman**, Acting Attorney General of New Jersey)

TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES

It is hereby AGREED, as of the 8th day of October, 2014, by and among Rockland Electric Company ("RECO" or the "Company"), the Staff of the New Jersey Board of Public Utilities ("Staff"), and the Division of Rate Counsel ("Rate Counsel") (referred to collectively as the "Signatory Parties") to execute this Stipulation of Settlement ("Stipulation") for the recovery of costs relating to RECO's Energy Efficiency Stimulus Program ("EES Program").

The Signatory Parties do hereby join in recommending that the New Jersey Board of Public Utilities ("Board") issue an appropriate Order approving this Stipulation, including the attachments and the proposed amendments to RECO's electric service tariff as set forth herein.

BACKGROUND

1. On February 20, 2009, RECO filed a Petition in Docket Nos. E009010056 and E009010061, pursuant to the statutory requirements of the Regional Greenhouse Gas Initiative

("RGGI") Act, as codified in N.J.S.A. 48:3-98.1. RECO's Petition sought Board approval to implement a three-year EES Program and recover program costs and revenue requirements through the Company's RGGI Surcharge.

2. After extensive discovery, discussions and negotiations, RECO, Rate Counsel and Staff executed a Stipulation on November 19, 2009 ("November 2009 Stipulation") setting forth the three components of the one-year EES Program ("Sub-Programs") and associated cost recovery mechanism that RECO would implement. The Sub-Programs included the Low Income Audit and Install Sub-Program, the Residential Enhanced Rebate Sub-Program, and the On-Line Energy Audit Sub-Program with a total budget of \$990,250. Detailed descriptions of the three sub-Programs were set forth in Attachment 2 to the November 2009 Stipulation.

3. The November 2009 Stipulation provided that RECO will recover the net revenue requirements associated with the EES Program via a non-by passable surcharge on all distribution customers ("RGGI Surcharge"). The RGGI Surcharge will be applicable to all rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the EES Program. The RGGI surcharge will be subject to deferred accounting, with interest, and reconciled annually. The initial RGGI Surcharge was based on estimated EES Program revenue requirements from January 1, 2010 to December 31, 2010 and a forecast of the Company's kWh deliveries to customers during the twelve-month period ending December 31, 2010. Thereafter, the RGGI Surcharge will be adjusted on an annual basis incorporating a true-up for any prior period over-or under-recoveries, an estimate of the revenue requirements for the upcoming year, and the forecasted kWh deliveries to customers during the upcoming year in which the revised RGGI Surcharge will be in effect.

4. The November 2009 Stipulation provided that the EES program revenue requirements recovered through the RGGI Surcharge will be calculated to include a return on investment and a return of investment through amortization of the associated regulatory asset over 60 months or five years. The initial RGGI Surcharge calculation was based on the Weighted Average Cost of Capital ("WACC") used to set rates in the Company's 2007 rate case, BPU Docket No. ER06060483, which was 7.83% (10.97% on a pre-tax basis) based upon a return on equity of 9.75%. The November 2009 Stipulation further provided that any change in WACC authorized by the Board in a subsequent base rate case, including the Company's 2010 base rate case, BPU Docket No. ER09080668, will be reflected in the subsequent monthly revenue requirement and interest calculations. Any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year.

5. The November 2009 Stipulation also provided that in calculating the monthly interest on net over- and under-recoveries, the interest rate shall be based upon the rate as determined by the Board in its Order dated October 21, 2008 in Docket No. ER08060455. As set forth in that Order, 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 shall not exceed RECO's pre-tax WACC as identified in Paragraph 4 above. The interest rate shall be reset each month using the methodology set forth in the November 2009 Stipulation.

6. The EES Program was a one-year program ending on December 31, 2010.

7. By Decision and Order Approving Stipulation dated November 23, 2009 (“November 2009 Order”) in Docket Nos. EO09010056 and EO09010061, the Board approved the November 2009 Stipulation. The total budget for EES Program expenditures approved by the Board was \$990,250, consisting of program investments of \$859,250 and operating and maintenance expenses of \$131,000. The following constitute the Sub-Programs and the budgeting funding:

Low Income Audit and Install Sub-Program	\$770,000
Residential Enhanced Rebate Sub-Program	\$130,250
On-Line Energy Audit Sub-Program	<u>\$ 90,000</u>
Total EES Program Budget	\$990,250

8. The November 2009 Order initially set the RGGI surcharge at \$0.000167 per kWh, including Sales and Use Tax (“SUT”).

9. On August 31, 2010, RICO filed with the Board its 2010 RGGI surcharge petition (“2010 Annual True-Up”), in Docket No. ET10090677 in order to reconcile costs and recoveries for calendar year 2010. As directed by the Board in its Order dated February 17, 2010, in Docket No. EO08050326, the Company included in the 2010 Annual True-up the final reconciliation of the Demand Response Working Group (“DRWG Program”) component of the RGGI Surcharge.

10. By letter petition dated December 9, 2010, the Company requested an extension (“Extension Request”) of the EES Sub-Programs through December 2011, or until all budgeted funds have been expended, whichever comes first. On March 10, 2011, the Company, Rate Counsel and Staff executed a Stipulation (“March 2011 Stipulation”) agreeing to the extension of

the EES Sub-Programs. The Board approved the Stipulation in its Decision and Order Approving Stipulation dated March 30, 2011 in Docket No. EO10120987.

11. After extensive discovery, review, and discussion of the Company's 2010 Annual True-Up and updates provided by the Company, on June 1, 2011, the Parties executed a Stipulation ("June 2011 Stipulation") implementing a RGGI Surcharge credit of \$0.000047 per kWh, including SUT, to be effective on or after July 1, 2011. The June 2011 Stipulation and RGGI Surcharge credit of \$0.000047, including SUT, was approved by the Board in its Decision and Order Approving Stipulation dated June 15, 2011 in Docket No. ET10090677.

12. On September 1, 2011, RECO filed with the Board its 2011 RGGI Surcharge Annual True-Up ("2011 Annual True-Up") in Docket No. ER11090516 requesting an increase in the credit from \$0.000047 to \$0.000053 per kWh.

13. While RECO has implemented each of the three EES Sub-Programs, there has been a lack of customer interest in the Residential Enhanced Rebate Sub-Program but continued interest in the Low-Income Audit and Install Sub-Program. Therefore, on February 1, 2012, the Company filed a letter petition ("2012 Extension Request") requesting an extension through December 2012, or until all budgeted funds have been expended, whichever came first, of the Low-Income Audit and Install Sub-Program. The 2012 Extension Request stated that, because of lack of customer interest, the Company was not requesting an extension of the Residential Enhanced Rebate Sub-Program. The 2012 Extension Request also stated that the Company implemented the On-Line Energy Audit Sub-Program, and the vendor selected by the Company, Apogee interactive, has established the online program. The Company stated that it will continue the functionality of the On-Line Energy Audit Sub-Program on the Company's website and is not seeking a further extension of this sub-program.

14. The 2012 Extension Request did not propose to increase the Company's RGGI Surcharge or to modify the rate proposed in the 2011 Annual True-Up.

15. On March 8, 2012, the Company, Rate Counsel and Staff executed a Stipulation ("March 2012 Stipulation") in which Rate Counsel did not oppose the Company's 2012 Extension Request and Staff supported the Extension Request. The Board issued an Order on March 12, 2012 approving the March 2012 Stipulation and authorized the extension of the Low-Income Audit and Install Sub-Program through December 2012, or until all budgeted funds have been expended, whichever occurs first.

16. After discovery, review, and discussion of the Company's 2011 Annual True-Up and updates provided by the Company, on March 28, 2012, the Parties executed a Stipulation ("March 2012 Stipulation") implementing a RGGI Surcharge credit of \$0.000045 per kWh, including SUT, to be effective on or after May 1, 2012 ("May 2012 Stipulation"). The May 2012 Stipulation and RGGI Surcharge credit of \$0.000045, including SUT, was approved by the Board in its Decision and Order Approving Stipulation dated April 11, 2012 in Docket No. ER11090516.

17. On August 31, 2012, the Company submitted its annual RGGI Surcharge true-up filing proposing a RGGI Surcharge of \$0.000116 per kWh, including sales and use tax ("SUT"), in BPU Docket No. ER12080795 ("2012 Filing").

18. On December 12, 2012, because of continued customer interest in the Low Income Audit and Install Sub-Program, the Company filed a letter petition ("December 2012 Extension Request") with the Board in Docket No. EO12121073, requesting an extension through December 2013, or until all budgeted funds have been expended, whichever came first, with a close-out period to end March 31, 2014.

19. On March 20, 2013, the Board approved a stipulation in Docket No. EO12121073 (“Decision and Order Approving Stipulation”) executed by the Company, Rate Counsel and Board Staff on March 19, 2013, agreeing to the extension of the above Low Income Audit and Install Sub-Program through December 31, 2013 or until all remaining budgeted funds for this Sub-Program were expended, whichever occurred first with a close-out period to end March 31, 2014.

20. On June 21, 2013, the Company filed a petition (“June 21 petition”) requesting Board approval of a “Low Income Audit and Direct Install Program Energy Efficiency II Program (“Low Income Audit II Program”). The Low Income Audit II Program was essentially an extension of the Low Income Audit and Install Sub-Program. The June 21, petition (BPU Docket No. ER13060535) was resolved by a Stipulation approved by the Board, and memorialized in an Order dated April 24, 2014. Under the Board-approved stipulation the Low Income Audit II Program will be a two-year program, and the Low Income Audit II Program component of the RGGI Surcharge was set at \$0.000083/kwh. The instant Stipulation does not change the Low Income Audit II Program component of the RGGI Surcharge.

21. On August 30, 2013, in BPU Docket No. ER13090812 (“2013 Filing”), the Company submitted its annual RGGI Surcharge true-up filing proposing a RGGI Surcharge of \$0.000311 per kWh including SUT effective January 1 2014 (“2013 Filing”).

22. Public hearings were held in Mahwah, New Jersey on September 29, 2014. No members of the public attended.

The Signatory Parties agree to submit this Stipulation to the Board for its review and approval, the terms of which are set forth herein. Specifically, the Signatory Parties hereby **STIPULATE AND AGREE** as follows:

STIPULATED MATTERS

A. RGGI Surcharge

23. The Signatory Parties agree that the Company will implement a RGGI Surcharge of \$0.000390 per kWh, including SUT, to be effective the first day of the month following service of the Board Order approving this Stipulation. As set forth in Appendix A and Appendix B attached to this Stipulation, the RGGI Surcharge contains three components: (1) a surcharge of \$0.000118 per kWh, including SUT, related to the Company's estimate of the EES Program's revenue requirement for calendar year 2014; (2) a reconciliation component surcharge of \$0.000189 per kWh, including SUT, due to an under-collection balance of \$299,503 based on actual data through December 31, 2013, including interest; and (3) a Low Income Audit II Program surcharge of \$0.000083 per kWh, including SUT, which was set in BPU Dkt. No. ER13060535 and continues unchanged.

24. Any over-or under-recovered balances collected through the RGGI Surcharge from January 2014 through December 2014, as well as the associated interest, will be reconciled in the 2015 Annual True-Up filing of the Company.¹

25. The Signatory Parties agree that the proposed rate, as set forth in the tariff sheet in Appendix B, attached hereto, is just and reasonable and RECO is authorized to implement the proposed rate on the first day of the month following the date upon which the Board Order approving this Stipulation is served on the parties of record.

B. Rate Impact

26. If the Board approves this Stipulation, a RGGI Surcharge will be set at \$0.000390 per kWh, including SUT (\$0.000365 per kWh without SUT), as set forth in Appendix B, which

¹ Although the Company ceased offering the Low Income Audit and Install Sub-Program to new participants after December 31, 2013, the EES Program component of the RGGI Surcharge will continue since the EES Program revenue requirements are recovered through amortization of the regulatory asset over 60 months.

would be in effect until changed by the Board. For a typical residential customer using 808 kWh per summer month, and 7,800 kWh on an annual basis, the current monthly average bill will increase from \$121.61 to \$121.84, or \$0.23 or .19%.

C. Future Filings

27. In its September 2015 RGGI Surcharge Annual True-Up petition, the Company will also provide current cost of debt information corresponding to the debt components of its Weighted Average Cost of Capital ("WACC").

CONCLUSION

28. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

29. It is the intent of the Signatory Parties that the provisions hereof be approved by the Board as being in the public interest. The Signatory Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

30. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings.

31. Except as expressly provided herein, the Company, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology

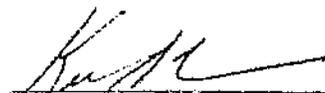
underlying or supposed to underlie any agreement provided herein and, in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them and shall not be asserted in any other proceeding, except to enforce the terms of this Stipulation.

WHEREFORE, the Signatory Parties hereto do respectfully submit this Stipulation and request that the Board issue an appropriate Order approving it in its entirety, in accordance with the terms hereof.

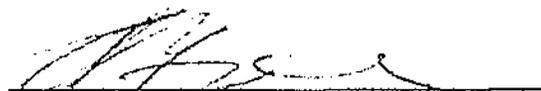
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Petitioner

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JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: 
Alex Mofeau
Deputy Attorney General

ROCKLAND ELECTRIC COMPANY

Determination of Regional Greenhouse Gas Initiative ("RGGI") Surcharge

Determination of EES Program Reconciliation Adjustment Component of RGGI Surcharge

EES Program Recoveries (January 1, 2013 - December 31, 2013)	(\$70,587)
EES Program Revenue Requirement	227,016
Prior Period Reconciliation (Over)/Under Recovery - See Page 2	<u>1,090</u>
EES Program (Over)/Under Recovery Balance	298,693
Interest (Over)/Under Recovery Balance	<u>810</u>
Total EES Program (Over)/Under Recovery Balance for 12 ME 12/31/2013	299,503
Projected Sales (kWh) 12 months ending December 31, 2014	1,688,590,000
\$ per kWh Reconciliation to be (Refunded)/Surcharged	\$0.000177
Sales and Use Tax ("SUT")	1.07
EES Program Reconciliation Adjustment	\$0.000189

Determination of Forecast EES Program Component of RGGI Surcharge

Revenue Requirement for 12 Months Ending December 31, 2014	\$186,075
Projected Sales (kWh) 12 months ending December 31, 2014	1,688,590,000
\$ per kWh Projected Spending to be (Refunded)/Surcharged	\$0.000110
Sales and Use Tax ("SUT")	1.07
EES Program Charge	\$0.000118

EES Program Component of RGGI Surcharge

Proposed EES Program Component of RGGI Surcharge Excluding SUT (\$ per kWh)	\$0.000287
Proposed EES Program Component of RGGI Surcharge Including SUT (\$ per kWh)	\$0.000307

ROCKLAND ELECTRIC COMPANY

Calculation of Over/Under Recovery Associated with EES Program Component of RGGI Surcharge

	Jan-13 Actual	Feb-13 Actual	Mar-13 Actual	Apr-13 Actual	May-13 Actual	Jun-13 Actual	Jul-13 Actual	Aug-13 Actual	Sep-13 Actual	Oct-13 Actual	Nov-13 Actual	Dec-13 Actual	Total
1. Determination of (Over)/Under-Recovered Balance													
Revenue Requirement @ WACC = 8.21%	\$16,546	\$17,630	\$17,752	\$17,866	\$19,179	\$27,473	\$19,297	\$18,182	\$19,995	\$16,620	\$18,389	\$18,138	\$227,076
Prior Period Reconciliation Adj: ¹	1,090												\$1,090
Monthly Recoveries	(5,694)	(5,685)	(5,693)	(4,871)	(4,843)	(6,112)	(7,676)	(7,256)	(5,723)	(5,527)	(5,127)	(6,214)	\$376,287
(Over)/Under Recovery	\$23,635	\$23,314	\$22,815	\$22,728	\$24,022	\$35,555	\$29,057	\$25,447	\$24,608	\$24,147	\$23,425	\$23,852	\$296,593
2. Determination of Interest													
(Over)/Under Recovery	\$23,635	\$23,314	\$22,815	\$22,728	\$24,022	\$35,555	\$29,057	\$25,447	\$24,658	\$24,147	\$23,425	\$23,852	\$258,633
Beginning Balance - (Over)/Under Recovery	\$1,000	\$23,635	\$46,948	\$69,763	\$92,491	\$116,612	\$150,097	\$177,054	\$202,511	\$227,169	\$251,316	\$274,741	\$274,741
Ending Balance (Over)/Under Recovery	\$23,635	\$46,948	\$69,763	\$92,491	\$116,612	\$150,097	\$177,054	\$202,511	\$227,169	\$251,316	\$274,741	\$298,633	\$298,633
Average Balance (Over)/Under	\$12,362	\$35,291	\$59,356	\$81,127	\$104,561	\$133,305	\$166,581	\$189,768	\$214,840	\$238,243	\$263,028	\$286,717	\$286,717
Average Balance (Over)/Under - Net of Tax	\$7,312	\$20,875	\$34,517	\$47,856	\$61,813	\$78,650	\$95,758	\$112,259	\$127,078	\$141,572	\$155,591	\$169,593	\$169,593
Interest Rate (Annual) ²	0.67%	0.87%	0.85%	0.83%	0.80%	0.80%	0.84%	0.85%	0.83%	0.83%	0.83%	0.83%	0.80%
Interest Rate (Monthly)	0.07%	0.07%	0.07%	0.07%	0.07%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%
Interest (To Customer) To Company	\$5	\$15	\$24	\$33	\$41	\$59	\$78	\$89	\$109	\$110	\$121	\$127	\$810
Total (Over)/Under Collection Including Interest													\$298,500

Notes: ¹ Under recovery for the period January 1, 2012 through December 31, 2012 per Appendix A of Draft EES Program Simulation of Settlement mailed on July 23, 2013

² Federal Reserve Board US Treasury Securities at two year constant maturity plus 50 basis points interest calculated on a net-of-tax basis.

ROCKLAND ELECTRIC COMPANY

Monthly Actual Revenue Summary by Service Classification ("SC") of the EES Program Component of the RGGI Surcharge

SC No.	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total
1	\$2,785.91	\$2,513.94	\$2,172.87	\$2,056.66	\$2,059.08	\$2,930.41	\$4,285.35	\$3,887.99	\$3,185.87	\$2,323.54	\$2,116.80	\$2,557.62	\$32,537.43
2	-2,519.67	-2,438.01	-2,302.73	-2,201.19	-2,204.02	-2,472.91	-2,759.57	-2,730.49	-2,622.80	-2,245.15	-2,013.08	-2,492.79	\$28,912.50
3	-1.95	-1.36	-1.04	-0.88	-0.77	-0.86	-1.35	-1.14	-0.91	-0.57	-0.37	-1.23	\$12.63
4	-30.51	-23.60	-25.39	-17.44	-15.65	-23.89	-23.89	-21.10	-23.22	-27.14	-28.73	-32.39	\$291.65
5	-61.60	-81.48	-65.64	-53.74	-41.84	-53.72	-66.79	-70.59	-58.59	-44.50	-50.33	-71.73	\$71.55
6	-24.03	-22.40	-19.58	-18.54	-19.52	-18.13	-17.44	-17.86	-21.17	-24.28	-25.59	-24.08	\$252.72
7	-975.33	-998.37	-829.69	-833.80	-847.53	-803.45	-1,052.36	-692.18	-876.53	-893.55	-925.12	-904.85	\$11,122.65
Total	\$5,418.60	\$5,081.16	\$5,417.03	\$5,212.25	\$5,181.61	\$6,539.87	\$8,206.75	\$7,631.47	\$6,683.98	\$5,548.64	\$5,052.61	\$6,078.99	\$74,271.14
Total Excluding SUT	\$5,998.70	\$5,683.30	\$6,062.60	\$4,871.30	\$4,840.60	\$6,112.00	\$7,669.90	\$7,132.20	\$6,435.20	\$5,195.80	\$4,731.40	\$5,682.20	\$69,412.20

ROCKLAND ELECTRIC COMPANY

**EES Program Component of RGGI Surcharge
Basic Assumptions**

Amortization Period	60 Months	60 Months
Equity Ratio	49.85%	49.85%
Return on Equity	10.30%	10.30%
Equity Component	5.13%	5.13%
After-Tax WACC	8.21%	8.21%
Effective Tax Rate	40.92%	40.92%
Interest Expense	3.07%	3.07%

ROCKLAND ELECTRIC COMPANY

**EES PROGRAM COMPONENT OF RGGI SURCHARGE
PROGRAM SPENDING**

	Sept-13 Actual	Oct-13 Actual	Nov-13 Actual	Dec-13 Actual	Jan-13 Actual	Feb-13 Actual	Mar-13 Actual	Apr-13 Actual	May-13 Actual	Jun-13 Actual	Jul-13 Actual	Aug-13 Actual	Sept-13 Actual	Oct-13 Actual	Nov-13 Actual	Dec-13 Actual	Total
PROGRAM IMPLEMENTATION SPENDING																	
USF Low Income Direct Install	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enhanced HVAC Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROGRAM INCOME CONTRIBUTION																	
USF Low Income Direct Install	54,959	61,597	2,218	(1,122)	38,596	4,920	1,694	19,856	12,869	7,022	170,306						
Enhanced HVAC Rebates	0	0	0	0	0	0	0	0	0	0	0						
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0						
Total Program Spending	54,959	61,597	2,218	(1,122)	38,596	4,920	1,694	19,856	12,869	7,022	\$170,306						
ADMINISTRATIVE																	
Administrative																	
USF Low Income Direct Install	\$2,750	\$2,891	\$0	\$0	\$12,758	\$4,541	\$5,468	\$3,214	\$3,524	\$2,750	\$50,344						
Enhanced HVAC Rebates	0	0	0	0	0	0	0	0	0	0	0						
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0						
Total	2,750	2,891	0	0	12,758	4,541	5,468	3,214	3,524	2,750	50,344						
MANUFACTURING																	
Manufacturing																	
USF Low Income Direct Install	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0						
Enhanced HVAC Rebates	0	0	0	0	0	0	0	0	0	0	0						
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0						
Total	0	0	0	0	0	0	0	0	0	0	0						
ENLIGHTENED																	
Enlightened																	
USF Low Income Direct Install	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0						
Enhanced HVAC Rebates	0	0	0	0	0	0	0	0	0	0	0						
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0						
Total	0	0	0	0	0	0	0	0	0	0	0						
TOPS/CLM																	
Tops/CLM																	
USF Low Income Direct Install	\$2,950	\$2,750	\$2,891	\$3,069	\$5,265	\$12,758	\$4,541	\$3,524	\$3,093	\$2,750	\$50,344						
Enhanced HVAC Rebates	0	0	0	0	0	0	0	0	0	0	0						
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0						
Total	2,950	2,750	2,891	3,069	5,265	12,758	4,541	3,524	3,093	2,750	50,344						
TOTAL SPENDING																	
USF Low Income Direct Install	\$57,939	\$64,347	\$5,108	\$1,967	\$52,354	\$9,461	\$5,162	\$23,381	\$15,647	\$9,772	\$220,850						
Enhanced HVAC Rebates	0	0	0	0	0	0	0	0	0	0	0						
Personal Energy Profile - On line	0	0	0	0	0	0	0	0	0	0	0						
Total	57,939	64,347	5,108	1,967	52,354	9,461	5,162	23,381	15,647	9,772	220,850						

Case ER09080668

Rockland Electric Company
Electric Service
Settlement Agreement
Consolidated Capital Structure
For Twelve Months Ending December 31, 2009
(000's)

	Amount (\$000's)	Ratio	Cost Rate	Weighted Average Ratio	Weighted Average Ratio
Long Term Debt	\$ 521,503	49.76%	6.16%	3.07%	3.07%
Short Term Debt	4,044	0.39%	1.50%	0.01%	0.01%
Common Equity	522,465	49.85%	10.30%	5.13%	8.69%
Total	<u>\$ 1,048,012</u>	<u>100%</u>		<u>8.21%</u>	<u>11.76%</u>

ROCKLAND ELECTRIC COMPANY

EES Program Component of RGGI Surcharge
2014 Projection of Revenue Requirement

	<u>Jan-14</u> <u>Estimate</u>	<u>Feb-14</u> <u>Estimate</u>	<u>Mar-14</u> <u>Estimate</u>	<u>Apr-14</u> <u>Estimate</u>	<u>May-14</u> <u>Estimate</u>	<u>Jun-14</u> <u>Estimate</u>	<u>Jul-14</u> <u>Estimate</u>	<u>Aug-14</u> <u>Estimate</u>	<u>Sep-14</u> <u>Estimate</u>	<u>Oct-14</u> <u>Estimate</u>	<u>Nov-14</u> <u>Estimate</u>	<u>Dec-14</u> <u>Estimate</u>
1. Program Spending	(3,857)	6,000	2,000	0	0	0	0	0	0	0	0	0
2. Cumulative Spending	753,983	764,983	766,983	766,983	766,983	766,983	766,983	766,983	766,983	766,983	766,983	766,983
3.												
4.												
5. Gross Expenditures	758,983	764,983	766,983	766,983	766,983	766,983	766,983	766,983	766,983	766,983	766,983	766,983
6. Accumulated Amortization	317,637	329,368	343,039	355,829	368,590	381,291	394,021	406,752	419,483	432,213	444,944	457,675
7. Net Expenditures	442,346	434,615	423,885	411,154	398,423	385,693	372,962	360,231	347,501	334,770	322,039	309,309
8. Accumulated Deferred Tax	181,069	177,845	173,454	168,244	163,035	157,825	152,616	147,407	142,197	136,988	131,779	126,569
9. Under/(Over) Recovery Balance	261,339	256,771	250,431	242,910	235,399	227,897	220,346	212,825	205,303	197,782	190,261	182,740
10.												
11. Return Requirement	1,787	1,756	1,712	1,661	1,610	1,558	1,507	1,455	1,404	1,352	1,301	1,250
12. Equity Portion	1,118	1,099	1,072	1,039	1,007	975	943	911	878	846	814	782
13.												
14.												
15. Revenue	15,292	15,247	15,185	15,112	15,038	14,964	14,890	14,817	14,743	14,669	14,596	14,522
16.												
17. Expenses:												
18. Amortization	12,731	12,731	12,731	12,731	12,731	12,731	12,731	12,731	12,731	12,731	12,731	12,731
19. Administrative Costs												
20. Interest Expense	659	657	641	622	602	593	564	545	525	505	487	468
21. Deferred Expenses	0	0	0	0	0	0	0	0	0	0	0	0
22. Taxable Income	1,893	1,860	1,814	1,758	1,705	1,659	1,586	1,541	1,487	1,432	1,378	1,323
23. Federal and State Taxes	774	761	742	720	698	675	653	631	609	586	564	542
24. Net Income	1,118	1,099	1,072	1,039	1,007	975	943	911	878	846	814	782
25.												
26.												
27. Deferred Cost Recovery (from 15 above)	15,292	15,247	15,185	15,112	15,038	14,964	14,890	14,817	14,743	14,669	14,596	14,522
28. O&M	0	4,060	3,000	0	0	0	0	0	0	0	0	0
29. Total Revenue Requirement	15,292	19,247	18,185	15,112	16,038	14,964	14,890	14,817	14,743	14,669	14,596	14,522
									12 Month Total			186,075

GENERAL INFORMATION

No. 33 SOCIETAL BENEFITS CHARGE ("SBC")

The SBC shall be applied to the kWh usage on the bills of all customers served under this Schedule. The SBC shall include costs, including current costs and any refund or recovery of prior period over- or under-collection balances, related to:

- (1) demand-side management ("DSM"), including the costs associated with DSM programs and DSM bidding programs ;
- (2) Clean Energy Program, ("CEP"); and
- (3) Universal Service Fund and Lifeline.

The SBC to be effective on and after the date indicated below shall be set at 0.00 cents per kWh, including sales and use tax ("SUT"). The SBC includes the following rate components:

	SBC Rate Components (\$ per kWh)	
	Excluding SUT	Including SUT
DSM & CEP	0.0000	0.0000
Universal Service Fund	0.1863	0.1993
Lifeline	0.0690	0.0738
Total SBC	0.2553	0.2731

The difference between actual costs incurred by the Company for the SBC components described above and SBC recoveries will be deferred, with interest, for future recovery in accordance with the Company's Plan for Resolution of Proceedings approved by the Board in its Summary Order dated July 28, 1999 and Final Order dated July 22, 2002 in Docket Nos. EO97070464, EO97070465 and EO97070466.

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: Timothy Cawley, President
Mahwah, New Jersey 07430

ROCKLAND ELECTRIC COMPANY

Determination of RGGI Surcharge

<u>RGGI Rate Components</u>	<u>Excl. SUT (\$/kWh)</u>	<u>Incl. SUT (\$/kWh)</u>
EES Program	0.0287	0.0307
Low Income Audit II Program	<u>0.0078</u>	<u>0.0083</u>
Total	0.0365	0.0390