



Agenda Date: 6/29/16
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)
ROCKLAND ELECTRIC COMPANY FOR APPROVAL)
OF AN ENERGY EFFICIENCY STIMULUS PROGRAM)
AND ASSOCIATED RATE RECOVERY – 2014)
ANNUAL TRUE-UP) DOCKET NO. EO14090972

IN THE MATTER OF THE VERIFIED PETITION OF)
ROCKLAND ELECTRIC COMPANY FOR APPROVAL)
OF AN ENERGY EFFICIENCY STIMULUS PROGRAM)
AND ASSOCIATED RATE RECOVERY – 2015)
ANNUAL TRUE-UP) DOCKET NO. ER15090996

IN THE MATTER OF THE VERIFIED PETITION OF)
ROCKLAND ELECTRIC COMPANY FOR APPROVAL)
OF AN ENERGY EFFICIENCY STIMULUS PROGRAM)
AND ASSOCIATED RATE RECOVERY – LOW)
INCOME AUDIT II PROGRAM 2015 ANNUAL TRUE-UP) DOCKET NO. ER15040424

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”) considers a Stipulation of Settlement (“Stipulation”) executed by Rockland Electric Company (“RECO” or the “Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, the “Signatory Parties”) intended to resolve the Company’s 2014 and 2015 True-Up proceedings associated with the Company’s Energy Efficiency Stimulus Program and the Low Income Audit II Program 2015 Annual True-Up in Docket Nos. EO14090972, ER15090996, and ER15040424, respectively.

BACKGROUND/PROCEDURAL HISTORY

By Order dated November 23, 2009 in Docket Nos. EO09010056 and EO09010061, the Board approved a stipulation establishing an Energy Efficiency Stimulus Program ("2009 EES Program") with three energy efficiency components to be implemented for one year ending December 31, 2010.¹ ("November 2009 Order") The 2009 EES Program included three sub-programs: (1) a Residential Enhanced Rebate Sub-Program, which provided enhanced rebates to induce residential energy consumers to select energy efficient measures; (2) an On-Line Energy Audit Sub-Program, where the Company selected a vendor to create software so that customers could conduct an on-line energy audit and cost/benefit analysis, using their billing information from the Company's billing database; and (3) a Low Income Audit and Install Sub-Program ("Low Income Audit I Program") where the Company selected a vendor to provide its low income customers with an energy audit and energy efficiency measures at no cost to the customer. The November 2009 Order authorized the Company to recover all revenue requirements associated with the 2009 EES Program through a non-bypassable surcharge on all distribution customers ("RGGI surcharge"). The RGGI surcharge included both the amortization of the regulatory asset and the incremental operating and maintenance expenses associated with the 2009 EES Program. Pursuant to the November 2009 Order, the Company is required to submit annual cost recovery filings to establish future RGGI surcharge rates.

By Order dated March 20, 2013 ("March 20 Order"), the Board authorized the Company to extend the Low Income Audit I Program portion of the 2009 EES Program through December 31, 2013 or until all remaining funds were expended, with a close-out period to end March 31, 2014 ("EES Program").² RECO agreed to submit a filing pursuant to N.J.S.A. 48:3-98.1 that complied with the Minimum Filing Requirements set out in Appendix A of the Board's May 12, 2008 Order in Docket No. EO08030164 within ninety days of the effective date of the March 20 Order. By petition dated June 21, 2013, the Company filed for authorization to implement a Low Income Audit and Direct Install Energy Efficiency II Program ("Low Income Audit II Program"). By Order dated April 24, 2014, the Board approved the Low Income Audit II Program, which was similar to the Low Income Audit I Program.³

EES Cost Recovery Petitions

By petition dated August 28, 2014, the Company filed its 2014 true-up for the EES Program in Docket No. EO14090972. The 2014 true-up proposed an increase in the EES Program rate to 0.0465 cents per kWh, including Sales and Use Tax ("SUT") (0.0435 cents per kWh, excluding SUT).

By petition dated September 1, 2015, the Company filed its 2015 true-up for the EES Program in Docket No. ER15090996. The 2015 true-up proposed a decrease in the EES Program rate to 0.0184 cents per kWh, including SUT (0.0172 cents per kWh, excluding SUT). On October 19,

¹ In re Energy Efficiency Programs and Associated Cost Recovery Mechanisms and I/M/O 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 an Energy Efficiency Program and Associated Cost Recovery Mechanism – Extension Request, BPU Docket No. EO12121073, Order dated March 20, 2013.

³ In re the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Stimulus Program and Associated Rate Recovery, BPU Docket No. ER13060535, Order dated April 24, 2014.

2015, in response to discovery in Docket No. ER15090996, the Company updated its actual expenses and revenues for the EES Program through September 30, 2015, and its projected expenses and revenues for the remainder of 2015. As a result of the update, the proposed EES Program rate decreased from its current rate of 0.0307 cents per kWh, including SUT, to 0.0179 cents per kWh, including SUT (0.0168 cents per kWh, excluding SUT).

Low Income Audit II Program Cost Recovery Petition

By petition dated January 30, 2015, the Company filed its 2015 true-up for the Low Income Audit II Program in Docket No. ER15040424. The 2015 true-up proposed a decrease in the Low Income Audit II Program component rate of the RGGI surcharge to 0.0015 cents per kWh, including SUT (0.0014 cents per kWh, excluding SUT). On April 21, 2015 the Company updated its actual expenses and revenues through February 28, 2015 and its projected expenses and revenues for the remainder of 2015. As a result of the updates, the proposed Low Income Audit II Program component of the RGGI Surcharge rate decreased from the current rate of 0.0083 cents per kWh to 0.0013 cents per kWh, including SUT (0.0012 cents per kWh, excluding SUT).

As a result of the updates to the EES Program and the Low Income Audit II Program, the Company's current composite RGGI Surcharge of 0.0390 cents per kWh, including SUT (0.0365 cents per kWh, excluding SUT), decreases to a composite rate 0.0192 cents per kWh, including SUT (0.0180 cents per kWh, excluding SUT).

STIPULATION

Following discovery, the Signatory Parties reached a settlement of all issues in the above three dockets and on May 18, 2016 executed the Stipulation. The Stipulation provides the following:⁴

11. The Signatory Parties agree that the Company will implement a RGGI Surcharge of 0.0192 cents per kWh, including SUT (0.0180, excluding 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 two components: (1) an EES Program surcharge of 0.0179 cents per kWh, including SUT (0.0168, excluding SUT), and (2) a Low Income Audit II Program surcharge of 0.0013 cents per kWh, including SUT (0.0012 cents per kWh, excluding SUT). The updated rate for the EES Program is based on the actual program costs and recoveries from January 2014 to September 2015, estimated program costs and recoveries from October 2015 to December 2015, and an estimated revenue requirement for calendar year 2016. The rate for the Low Income Audit II Program is based on actual program costs and recoveries from June 2014 to December 2014, and an estimated revenue requirement for calendar year 2015. Currently, the EES Program true-up is required to be filed annually by September 1 with actual data from January through July, and estimated data from August through December. The Low Income Audit II Program true-up is required to be filed annually by February 1 with actual data from January through December of the prior year. The Signatory

⁴ Although summarized 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.

Parties further agree that going forward, RECO will file one annual petition to review both the EES Program and the Low Income Audit II Program true-ups.

12. The Signatory Parties agree that the future annual filings referred to in paragraph 11 of the Stipulation will be filed annually by February 1, commencing 2017. When filing future petitions, RECO will provide electronic files supporting its petition with all formulas intact via email to Board Staff and Rate Counsel. The filings will contain actual data for January through December of the prior year for both components of the Company's RGGI Surcharge. The Company will not be required to make a true-up filing for the EES Program in 2016. The 2017 filing will contain actual data from October 1, 2015 through December 31, 2016 for the EES. The Signatory Parties note that there is currently a cost recovery petition pending with respect to the Low Income Audit II Program which was filed by RECO on January 29, 2016 and assigned Docket No. ER16020097. A clean and redline version of the RGGI Surcharge tariff showing the change in filing dates and rates is attached to the Stipulation as Exhibit C.
13. The Signatory Parties agree that the proposed rate, as set forth in Appendix B, attached to the Stipulation, is just and reasonable and the Company 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.
14. If the Board approves the Stipulation, a RGGI Surcharge will be set at 0.0192 cents per kWh, including SUT (0.0180 cents per kWh excluding 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 decrease \$0.13 from \$115.41 to \$115.28, or 0.11%.

DISCUSSION AND FINDING

The Board has carefully reviewed the records in these matters. Accordingly, the Board is satisfied and **HEREBY FINDS** that the Stipulation represents a fair and reasonable resolution of the issues and is in 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. The Board **HEREBY DIRECTS** the Signatory Parties to comply with the terms and conditions incorporated within the Stipulation.

As a result of the Board's approval of the Stipulation, a typical residential customer using 808 kWh per summer month, and 7,800 kWh on an annual basis, the current monthly average bill will decrease \$0.13 from \$115.41 to \$115.28, or 0.11%.

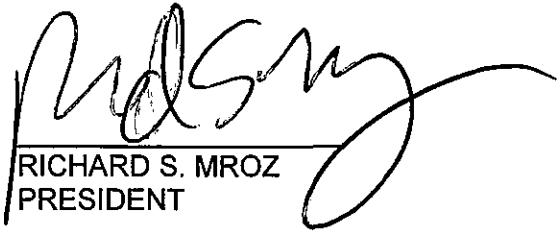
The Board **HEREBY DIRECTS** the Company to file, within five (5) days of the effective date of this Order, the appropriate revised tariff sheets consistent with the terms of this Order.

The rates authorized herein, which remain subject to Board audit, shall be effective for service rendered on or after August 1, 2016.

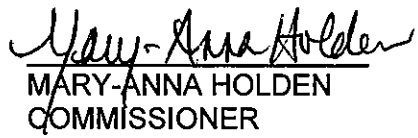
This Board Order shall be effective on July 9, 2016.

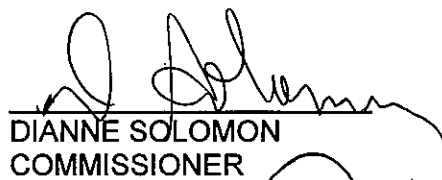
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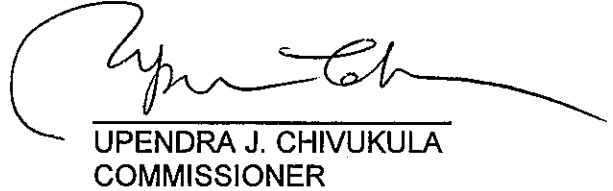
BOARD OF PUBLIC UTILITIES
BY:

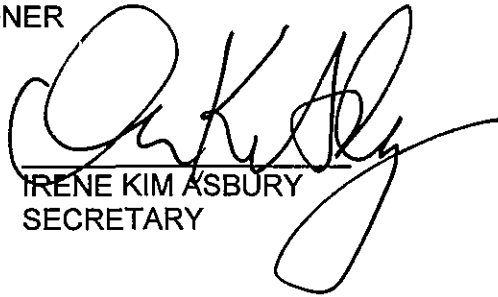

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

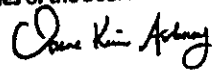

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
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 – 2014 ANNUAL TRUE-UP
BPU DOCKET NO. EO14090972

IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY STIMULUS PROGRAM AND ASSOCIATED RATE RECOVERY – 2015 ANNUAL TRUE-UP
BPU DOCKET NO. ER15090996

IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY STIMULUS PROGRAM AND ASSOCIATED RATE RECOVERY – LOW INCOME AUDIT II PROGRAM 2015 ANNUAL TRUE-UP
BPU DOCKET NO. ER15040424

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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 – 2014
ANNUAL TRUE-UP**

STIPULATION

BPU DOCKET NO. EO14090972

**I/M/O THE VERIFIED PETITION OF
ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF AN ENERGY
EFFICIENCY STIMULUS PROGRAM AND
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ANNUAL TRUE-UP**

BPU DOCKET NO. ER15090996

**I/M/O THE VERIFIED PETITION OF
ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF AN ENERGY
EFFICIENCY STIMULUS PROGRAM AND
ASSOCIATED RATE RECOVERY – LOW
INCOME AUDIT II PROGRAM 2015
ANNUAL TRUE-UP**

BPU DOCKET NO. ER15040424

APPEARANCES:

Margaret Comes, Attorney for the Petitioner, Rockland Electric Company

**Brian O. Lipman, Litigation Manager, Felicia Thomas-Friel, Deputy Rate Counsel and
Kurt S. Lewandowski, Assistant Deputy Rate Counsel, Division of Rate Counsel (Stefanie
A. Brand, Director)**

**Alex Moreau and Christopher Psihoules, Deputy Attorneys General, for Staff of the New
Jersey Board of Public Utilities (Robert Lougy, Acting Attorney General of New Jersey)**

TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES

It is hereby AGREED, as of the 18th day of May 2016, 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") and join in recommending that the New Jersey Board of Public Utilities (the "Board") issue a Final Decision and Order approving this Stipulation, including the attachments and proposed sheets of the Company's electric service tariff as set forth herein.

BACKGROUND

1. By this Stipulation, the Company establishes a revised rate for its Regional Greenhouse Gas Initiative ("RGGI") Surcharge, which currently has two components: (1) the Energy Efficiency Stimulus Program ("EES Program") component, and (2) the Low Income Audit and Direct Install Energy Efficiency Program ("Low Income Audit II Program") component.
2. The EES Program was established by the Board in its Decision and Order Approving Stipulation dated November 23, 2009 ("November 2009 Order") in Docket Nos. EO09010056 and EO09010061, and was approved as a one-year program. The 2009 EES Program included three sub-programs: (1) a Residential Enhanced Rebate Sub-Program, which provided enhanced rebates to induce residential energy consumers to select energy efficient measures; (2) an On-Line Energy Audit Sub-Program ("On-Line Sub-Program"), where the Company selected a vendor to create software so that customers could conduct an on-line energy audit and cost/benefit analysis, using their billing information from the Company's billing database; and, (3) a Low Income Audit and Install Sub-Program ("Low Income Audit I Program") where the Company selected a vendor to provide its low income customers with an energy audit and energy efficiency measures at no cost to the customer.
3. The Company implemented the three sub-programs, but after the first year of the EES Program the company found a lack of customer interest in the Residential Enhanced Rebate Sub-

Program and spending was less than anticipated. There was, however, continued interest in the Low Income Audit I Program component of the original EES Program sub-components. The Company requested, and the Board approved, extensions of the Low Income Audit I Program portion of the EES Program through December 31, 2013 or until all remaining funds were expended, with a close-out period to end March 31, 2014.¹

4. On June 21, 2013, the Company filed a Verified Petition in Docket No. ER13060535 ("Petition") seeking Board approval to administer a new energy efficiency program called the Low Income Audit and Direct Install Program Energy Efficiency II Program ("Low Income Audit II"), which was similar to the Low Income Audit I program. The Low Income Audit II Program was approved by Board Order dated April 24, 2014 in Docket No. ER13060535.

5. The Company has since filed 2014 and 2015 true-ups for the EES Program component of the RGGI Surcharge, and a 2015 true-up for the Low Income Audit II Program component of the RGGI Surcharge.

6. By petition dated August 28, 2014, the Company filed its 2014 true-up for the EES Program in Docket No. EO14090972. The 2014 true-up proposed an increase in the EES Program rate to 0.0465 cents per kWh, including Sales and Use Tax ("SUT") (0.0435 cents per kWh, excluding SUT).

7. By petition dated September 1, 2015, the Company filed its 2015 true-up for the EES Program in Docket No. ER15090996. The 2015 true-up proposed a decrease in the EES Program rate to 0.0184 cents per kWh, including SUT (0.0172 cents per kwh, excluding SUT). In response to discovery in Docket No. ER15090996, on October 19, 2015, the Company updated its actual

¹ See Decision and Order Approving Stipulation, Docket No. EO10120987 (March 30, 2011); Decision and Order Approving Stipulation, Docket No. EO12020115 (March 12, 2012); and Decision and Order Approving Stipulation, Docket No. EO12121073 (March 20, 2013).

expenses and revenues for the EES Program through September 30, 2015, and its projected expenses and revenues for the remainder of 2015. As a result of the update, the proposed EES Program rate decreased from its current rate² of 0.0307 cents per kWh, including SUT, to 0.0179 cents per kWh, including SUT (0.0168 cents per kWh, excluding SUT).

8. By petition dated January 30, 2015, the Company filed its 2015 true-up for the Low Income Audit II Program in Docket No. ER15040424. The 2015 true-up proposed a decrease in the Low Income Audit II Program component rate of the RGGI surcharge to 0.0015 cents per kWh, including SUT (0.0014 cents per kWh, excluding SUT). On April 21, 2015 the Company updated its actual expenses and revenues through February 28, 2015 and its projected expenses and revenues for the remainder of 2015. As a result of the updates, the proposed Low Income Audit II Program component of the RGGI Surcharge rate decreased from the current rate of 0.0083³ cents per kWh to 0.0013 cents per kWh, including SUT (0.0012 cents per kWh, excluding SUT).

9. As a result of the updates to the EES Program and the Low Income Audit II Program, the Company's current RGGI Surcharge of 0.0390 cents per kWh, including SUT (0.0365 cents per kWh, excluding SUT), decreases to 0.0192 cents per kWh, including SUT (0.0180 cents per kWh, excluding SUT).

10. The Signatory Parties have now agreed 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

² Rate effective November 1, 2014 as approved in NJBPU Docket No. ER12080795 (Board Order dated October 22, 2014).

³ Rate effective June 1, 2014 as approved in NJBPU Docket No. ER13060535 (Board Order dated April 24, 2013).

A. RGGI Surcharge

11. The Signatory Parties agree that the Company will implement a RGGI Surcharge of 0.0192 cents per kWh, including SUT (0.0180, excluding 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 two components: (1) an EES Program surcharge of 0.0179 cents per kWh, including SUT (0.0168, excluding SUT), and (2) a Low Income Audit II Program surcharge of 0.0013 cents per kWh, including SUT (0.0012 cents per kWh, excluding SUT). The updated rate for the EES Program is based on the actual program costs and recoveries from January 2014 to September 2015, estimated program costs and recoveries from October 2015 to December 2015, and an estimated revenue requirement for calendar year 2016. The rate for the Low Income II Program is based on actual program costs and recoveries from June 2014 to December 2014, and an estimated revenue requirement for calendar year 2015. Currently, the EES Program true-up is required to be filed annually by September 1 with actual data from January through July, and estimated data from August through December. The Low Income Audit II Program true-up is required to be filed annually by February 1 with actual data from January through December of the prior year. The Signatory Parties further agree that going forward, RECO will file one annual petition to review both the EES Program and the Low Income Audit II Program true-ups.

12. The Signatory Parties agree that the future annual filings referred to in paragraph 11 above will be filed annually by February 1, commencing 2017. When filing future petitions, RECO will provide electronic files supporting its petition with all formulas intact via email to Board Staff and Rate Counsel. The filings will contain actual data for January through December of the prior year for both components of the Company's RGGI Surcharge. The

Company will not be required to make a true-up filing for the EES Program in 2016. The 2017 filing will contain actual data from October 1, 2015 through December 31, 2016 for the EES. The Signatory Parties note that there is currently a cost recovery petition pending with respect to the Low Income Audit II Program which was filed by RECO on January 29, 2016 and assigned Docket No. ER16020097. A clean and redline version of the RGGI Surcharge tariff showing the change in filing dates and rates is attached as Exhibit C.

13. The Signatory Parties agree that the proposed rate, as set forth in Appendix B, attached hereto, is just and reasonable and the Company 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

14. If the Board approves this Stipulation, a RGGI Surcharge will be set at 0.0192 cents per kWh, including SUT (0.0180 cents per kWh excluding SUT), as set forth in Appendix B, 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 decrease \$0.13 from \$115.41 to \$115.28, or 0.11%.

CONCLUSION

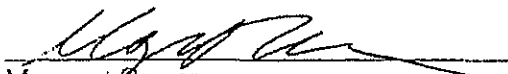
15. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion.

16. 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. 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. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Company, the Board, its 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.

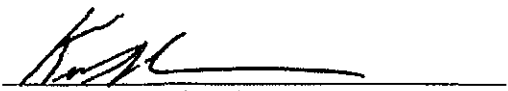
17. The Signatory Parties further agree that this Stipulation is in no way binding upon them and shall not be asserted in any other proceeding, except to enforce the terms of this Stipulation.

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.

ROCKLAND ELECTRIC COMPANY

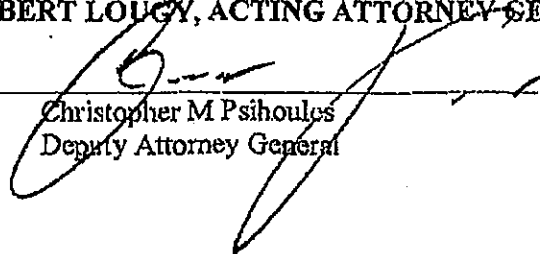
By: 
Margaret Comes
Attorney for Rockland Electric Company

**DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR**

By: 
Kurt S. Lewandowski, Esq.
Asst. Deputy Rate Counsel

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES
ROBERT LOUCY, ACTING ATTORNEY GENERAL OF NEW JERSEY**

By: _____

A large, stylized handwritten signature in black ink, written over the signature line and extending upwards and to the right.

Christopher M Psihoules
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, 2015 - December 31, 2015)	\$474,385
EES Program Revenue Requirement	161,722
Prior Period Reconciliation (Over)/Under Recovery - See Page 2	<u>485,216</u>
EES Program (Over)/Under Recovery Balance	172,553
Interest (Over)/Under Recovery Balance	<u>2,415</u>
Total EES Program (Over)/Under Recovery Balance for 12 ME 12/31/2015 ¹	174,968
Revised Projected Sales (kWh) 12 months ending December 31, 2016	1,639,187,000
\$ per kWh Reconciliation to be (Refunded)/Surcharged	\$0.000107
Sales and Use Tax ("SUT")	1.07
EES Program Reconciliation Adjustment	\$0.000114

Determination of Forecast EES Program Component of RGGI Surcharge

Revenue Requirement for 12 Months Ending December 31, 2016	\$100,112
Revised Projected Sales (kWh) 12 months ending December 31, 2016	1,639,187,000
\$ per kWh Projected Spending to be (Refunded)/Surcharged	\$0.000061
Sales and Use Tax ("SUT")	1.07
EES Program Charge	\$0.000065

RGGI Surcharge

Proposed EES Program Component of RGGI Surcharge Excluding SUT (\$ per kWh)	\$0.000168
Proposed EES Program Component of RGGI Surcharge Including SUT (\$ per kWh)	\$0.000179

Notes: ¹ Amount reflects actuals from January through September 2015, and estimates from October through December 2015.

ROCKLAND ELECTRIC COMPANY

Determination of RGGI Surcharge

<u>RGGI Rate Components</u>	<u>Excl. SUT (¢/kWh)</u>	<u>Incl. SUT (¢/kWh)</u>
EES Program	0.0168	0.0179

ROCKLAND ELECTRIC COMPANY

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

	<u>Jan-15</u> Actual	<u>Feb-15</u> Actual	<u>Mar-15</u> Actual	<u>Apr-15</u> Actual	<u>May-15</u> Actual	<u>Jun-15</u> Actual	<u>Jul-15</u> Actual	<u>Aug-15</u> Actual	<u>Sep-15</u> Actual	<u>Oct-15</u> Estimate	<u>Nov-15</u> Estimate	<u>Dec-15</u> Estimate	<u>Total</u>
1. Determination of (Over)/Under Recovered Balance													
Revenue Requirement @ WACC =7.83%	\$14,272	\$14,202	\$14,125	\$14,043	\$13,965	\$13,869	\$13,788	\$13,531	\$13,341	\$13,226	\$12,313	\$11,047	\$161,722
Prior Period Reconciliation Adj. ¹	485,216												485,216
Monthly Recoveries	40,869	38,641	37,153	32,500	33,016	41,046	47,233	49,756	47,210	36,376	32,650	37,936	\$474,385
(Over)/Under Recovery	<u>\$458,619</u>	<u>(\$24,439)</u>	<u>(\$23,028)</u>	<u>(\$18,457)</u>	<u>(\$19,051)</u>	<u>(\$27,177)</u>	<u>(\$33,445)</u>	<u>(\$36,224)</u>	<u>(\$33,869)</u>	<u>(\$23,150)</u>	<u>(\$20,337)</u>	<u>(\$26,889)</u>	<u>\$172,553</u>
2. Determination of Interest													
(Over)/Under Recovery	<u>\$458,619</u>	<u>(\$24,439)</u>	<u>(\$23,028)</u>	<u>(\$18,457)</u>	<u>(\$19,051)</u>	<u>(\$27,177)</u>	<u>(\$33,445)</u>	<u>(\$36,224)</u>	<u>(\$33,869)</u>	<u>(\$23,150)</u>	<u>(\$20,337)</u>	<u>(\$26,889)</u>	<u>\$172,553</u>
Beginning Balance - (Over)/Under Recovery	\$485,216	\$458,619	\$434,179	\$411,152	\$392,695	\$373,643	\$346,467	\$313,022	\$276,798	\$242,929	\$219,779	\$199,442	
Ending Balance (Over)/Under Recovery	<u>\$458,619</u>	<u>\$434,179</u>	<u>\$411,152</u>	<u>\$392,695</u>	<u>\$373,643</u>	<u>\$346,467</u>	<u>\$313,022</u>	<u>\$276,798</u>	<u>\$242,929</u>	<u>\$219,779</u>	<u>\$199,442</u>	<u>\$172,553</u>	
Average Balance (Over)/Under	\$471,917	\$446,399	\$422,665	\$401,923	\$383,169	\$360,055	\$329,744	\$294,910	\$258,863	\$231,354	\$209,610	\$185,997	
Average Balance (Over)/Under - Net of Tax	\$279,139	\$264,045	\$250,007	\$237,737	\$226,644	\$212,973	\$195,044	\$174,439	\$153,709	\$136,846	\$123,984	\$110,017	
Interest Rate (Annual) ²	1.26%	1.09%	1.26%	1.15%	1.20%	1.24%	1.29%	1.28%	1.30%	1.24%	1.24%	1.24%	
Interest Rate (Monthly)	0.11%	0.09%	0.11%	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.10%	0.10%	0.10%	
Interest (To Customer) /To Company	\$293	\$240	\$263	\$228	\$227	\$220	\$210	\$186	\$167	\$141	\$128	\$114	<u>\$2,415</u>
													Total (Over)/Under Collection Including Interest
													<u>\$174,968</u>

Notes: ¹ Under recovery for the prior period as seen on Page 10 of 19.

² Federal Reserve Board US Treasury Securities at two year constant maturity plus 60 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

<u>SC No.</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Total</u>
1	\$19,449.58	\$17,523.61	\$15,945.40	\$14,014.88	\$14,317.50	\$20,343.75	\$25,298.99	\$27,834.47	\$25,350.01	\$180,078.19
2	17,109.78	17,208.50	16,608.58	14,934.65	14,887.15	16,326.71	18,507.20	18,081.72	18,625.02	\$152,289.31
3	10.26	10.43	9.00	6.72	5.36	6.99	7.13	6.80	7.68	\$70.37
4	207.50	170.84	170.18	144.79	131.80	118.56	127.09	141.48	156.31	\$1,368.54
5	601.87	599.12	516.88	398.43	272.98	338.47	404.99	513.56	433.59	\$4,079.89
6	170.69	137.58	125.04	133.05	131.37	121.35	123.79	114.79	140.00	\$1,197.67
7	<u>6,180.47</u>	<u>5,696.12</u>	<u>6,378.37</u>	<u>5,142.26</u>	<u>5,580.93</u>	<u>6,663.39</u>	<u>6,069.62</u>	<u>6,545.70</u>	<u>5,801.96</u>	<u>\$54,058.82</u>
Total	\$43,730.14	\$41,346.20	\$39,753.46	\$34,774.78	\$35,327.08	\$43,919.22	\$50,538.82	\$53,238.53	\$50,514.56	\$393,142.79
Total Excluding SUT	\$40,869.30	\$38,641.30	\$37,152.80	\$32,499.80	\$33,016.00	\$41,046.00	\$47,232.50	\$49,755.60	\$47,209.90	\$367,423.20

ROCKLAND ELECTRIC COMPANY

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

Effective August 1, 2014

Amortization Period	60 Months
Equity Ratio	50.35%
Return on Equity	9.75%
Equity Component	4.91%
After-Tax WACC	7.83%
Effective Tax Rate	40.85%
Interest Expense	2.92%

Case ER13111135

Rockland Electric Company
 Electric Service
 Settlement Agreement
 Consolidated Capital Structure
 For Twelve Months Ending March 31, 2014
 (000's)

	Amount (\$000's)	Ratio	Cost Rate	Weighted Average Ratio	Weighted Average Ratio
Long Term Debt	\$ 603.6	49.65%	5.89%	2.92%	2.92%
Common Equity	612	50.35%	9.75%	4.91%	8.31%
Total	<u>\$ 1,215.8</u>	<u>100%</u>		<u>7.83%</u>	<u>11.24%</u>

ROCKLAND ELECTRIC COMPANY

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

	<u>Jan-14</u> Actual	<u>Feb-14</u> Actual	<u>Mar-14</u> Actual	<u>Apr-14</u> Actual	<u>May-14</u> Actual	<u>Jun-14</u> Actual	<u>Jul-14</u> Actual	<u>Aug-14</u> Actual	<u>Sep-14</u> Actual	<u>Oct-14</u> Actual	<u>Nov-14</u> Actual	<u>Dec-14</u> Actual	<u>Total</u>
1. Determination of (Over)/Under Recovered Balance													
Revenue Requirement ¹	\$15,228	\$15,155	\$15,081	\$15,008	\$14,935	\$14,861	\$14,788	\$14,623	\$14,552	\$14,482	\$14,412	\$14,342	\$177,468
Prior Period Reconciliation Adj. ²	299,503												\$299,503
Monthly Recoveries	(6,115)	(5,616)	(5,244)	(4,678)	(4,749)	(5,686)	(6,808)	(6,812)	(6,269)	(4,822)	12,741	38,423	(\$5,635)
(Over)/Under Recovery	<u>\$320,846</u>	<u>\$20,771</u>	<u>\$20,325</u>	<u>\$19,686</u>	<u>\$19,684</u>	<u>\$20,548</u>	<u>\$21,596</u>	<u>\$21,434</u>	<u>\$20,822</u>	<u>\$19,304</u>	<u>\$1,672</u>	<u>(\$24,081)</u>	<u>\$482,605</u>
2. Determination of Interest													
Revenue Requirement @ WACC = 8.21%	\$15,228	\$15,155	\$15,081	\$15,008	\$14,935	\$14,861	\$14,788	\$14,715	\$14,641	\$14,568	\$14,494	\$14,421	\$177,895
Prior Period Reconciliation Adj. ²	\$299,503												\$299,503
Monthly Recoveries	(6,115)	(5,616)	(5,244)	(4,678)	(4,749)	(5,686)	(6,808)	(6,812)	(6,269)	(4,822)	12,741	38,423	(5,635)
(Over)/Under Recovery	<u>\$320,846</u>	<u>\$20,771</u>	<u>\$20,325</u>	<u>\$19,686</u>	<u>\$19,684</u>	<u>\$20,548</u>	<u>\$21,596</u>	<u>\$21,526</u>	<u>\$20,910</u>	<u>\$19,390</u>	<u>\$1,754</u>	<u>(\$24,002)</u>	<u>\$483,032</u>
Beginning Balance - (Over)/Under Recovery	\$299,503	\$320,846	\$341,617	\$361,941	\$381,627	\$401,311	\$421,859	\$443,454	\$464,981	\$485,891	\$505,281	\$507,034	
Ending Balance (Over)/Under Recovery	<u>\$320,846</u>	<u>\$341,617</u>	<u>\$361,941</u>	<u>\$381,627</u>	<u>\$401,311</u>	<u>\$421,859</u>	<u>\$443,454</u>	<u>\$464,981</u>	<u>\$485,891</u>	<u>\$505,281</u>	<u>\$507,034</u>	<u>\$483,032</u>	
Average Balance (Over)/Under	\$310,174	\$331,231	\$351,779	\$371,784	\$391,469	\$411,585	\$432,657	\$454,218	\$475,436	\$495,586	\$506,157	\$495,033	
Average Balance (Over)/Under - Net of Tax	\$183,468	\$195,923	\$208,077	\$219,910	\$231,554	\$243,452	\$255,916	\$268,670	\$281,220	\$293,139	\$299,392	\$292,812	
Interest Rate (Annual) ³	0.99%	0.90%	0.92%	1.04%	1.01%	0.99%	1.07%	1.07%	1.13%	1.13%	1.13%	1.13%	
Interest Rate (Monthly)	0.08%	0.08%	0.08%	0.09%	0.08%	0.08%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	
Interest (To Customer) /To Company	\$151	\$147	\$160	\$191	\$195	\$201	\$228	\$240	\$265	\$276	\$282	\$276	<u>\$2,610</u>
Total (Over)/Under Collection Including Interest												<u>\$485,216</u>	

Notes: ¹ Based on WACC of 8.21% through July 31, 2014 and a WACC of 7.83% effective August 1, 2014

² Under recovery for the period January 1, 2013 through December 31, 2013.

³ Federal Reserve Board US Treasury Securities at two year constant maturity plus 60 basis points.

ROCKLAND ELECTRIC COMPANY

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

<u>SC No.</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Total</u>
1	-\$2,908.80	-\$2,468.61	-\$2,281.50	-\$1,990.29	-\$1,953.15	-\$2,339.64	-\$3,729.44	-\$3,542.81	-\$3,223.64	-\$2,130.33	\$5,688.45	\$17,865.70	-\$3,014.05
2	-2,550.17	-2,463.84	-2,322.85	-2,121.26	-2,207.42	-5,963.72	-2,511.40	-2,657.55	-2,520.77	-2,147.28	4,379.65	16,208.08	-\$6,878.55
3	-1.51	-1.29	-1.23	-0.99	-0.72	-0.13	-1.05	-1.06	-0.92	-0.67	2.65	8.25	\$1.31
4	-29.92	-25.11	-24.93	-21.02	-19.28	98.32	-19.32	-20.69	-22.82	-24.72	26.37	219.74	\$136.61
5	-93.09	-78.51	-74.65	-55.32	-41.62	-89.11	-61.73	-63.49	-59.21	-41.61	133.42	483.23	-\$41.68
6	-23.58	-22.35	-19.01	-18.78	-18.93	-25.56	-16.05	-17.38	-21.07	-22.53	65.81	180.77	\$41.34
7	<u>-935.83</u>	<u>-949.66</u>	<u>-886.39</u>	<u>-797.52</u>	<u>-840.74</u>	<u>2,235.45</u>	<u>-945.34</u>	<u>-985.52</u>	<u>-859.50</u>	<u>-792.30</u>	<u>3,335.96</u>	<u>6,147.02</u>	<u>\$3,725.63</u>
Total	-\$6,542.90	-\$6,009.37	-\$5,610.56	-\$5,005.18	-\$5,081.86	-\$6,084.40	-\$7,284.33	-\$7,288.50	-\$6,707.93	-\$5,159.45	\$13,632.30	\$41,112.78	-\$6,029.40
Total Excluding SUT	-\$6,114.90	-\$5,616.20	-\$5,243.50	-\$4,677.70	-\$4,749.40	-\$5,686.40	-\$6,807.80	-\$6,811.70	-\$6,269.10	-\$4,821.90	\$12,740.50	\$38,423.20	-\$5,634.90

ROCKLAND ELECTRIC COMPANY

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

	<u>Effective Prior to August 1, 2014</u>	<u>Effective August 1, 2014</u>
Amortization Period	60 Months	60 Months
Equity Ratio	49.85%	50.35%
Return on Equity	10.30%	9.75%
Equity Component	5.13%	4.91%
After-Tax WACC	8.21%	7.83%
Effective Tax Rate	40.85%	40.85%
Interest Expense	3.07%	2.92%

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>

Case ER13111135

**Rockland Electric Company
 Electric Service
 Settlement Agreement
 Consolidated Capital Structure
 For Twelve Months Ending March 31, 2014
 (000's)**

	Amount (\$000's)	Ratio	Cost Rate	Weighted Average Ratio	Weighted Average Ratio
Long Term Debt	\$ 603.6	49.65%	5.89%	2.92%	2.92%
Common Equity	612	50.35%	9.75%	4.91%	8.31%
Total	\$ 1,215.8	100%		7.83%	11.24%

ROCKLAND ELECTRIC COMPANY

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

Determination of Low Income Audit II Program Reconciliation Adjustment Component of RGG Surcharge

Low Income Audit II Program Recoveries (January 1, 2014 - December 31, 2014)	\$65,653
Low Income Audit II Program Revenue Requirement	0
Prior Period Reconciliation (Over)/Under Recovery - See Page 2	<u>0</u>
Low Income Audit II Program (Over)/Under Recovery Balance	(65,653)
Interest (Over)/Under Recovery Balance	<u>(128)</u>
Total Low Income Audit II Program (Over)/Under Recovery Balance for 12 ME 12/31/2014	(65,780)
Revised Projected Sales (kWh) 12 months ending December 31, 2016	1,639,187,000
\$ per kWh Reconciliation to be (Refunded)/Surcharged	(\$0.000040)
Sales and Use Tax ("SUT")	1.07
Low Income Audit II Program Reconciliation Adjustment	(\$0.000043)

Determination of Forecast Low Income Audit II Program Component of RGGI Surcharge

Revenue Requirement for 12 Months Ending December 31, 2015	\$85,111
Revised Projected Sales (kWh) 12 months ending December 31, 2016	1,639,187,000
\$ per kWh Projected Spending to be (Refunded)/Surcharged	\$0.000052
Sales and Use Tax ("SUT")	1.07
Low Income Audit II Program Charge	\$0.000056

RGGI Surcharge

Proposed Low Income Audit II Program Component of RGGI Surcharge Excluding SUT (\$ per kWh)	\$0.000012
Proposed Low Income Audit II Program Component of RGGI Surcharge Including SUT (\$ per kWh)	\$0.000013

ROCKLAND ELECTRIC COMPANY

Determination of RGGI Surcharge

<u>RGGI Rate Components</u>	<u>Excl. SUT (¢/kWh)</u>	<u>Incl. SUT (¢/kWh)</u>
Low Income Audit II Program	0.0012	0.0013

ROCKLAND ELECTRIC COMPANY

Calculation of Over/Under Recovery Associated with Low Income Audit II Program Component of RGGI Surcharge

	<u>Jan-14</u> Actual	<u>Feb-14</u> Actual	<u>Mar-14</u> Actual	<u>Apr-14</u> Actual	<u>May-14</u> Actual	<u>Jun-14</u> Actual	<u>Jul-14</u> Actual	<u>Aug-14</u> Actual	<u>Sep-14</u> Actual	<u>Oct-14</u> Actual	<u>Nov-14</u> Actual	<u>Dec-14</u> Actual	Total
1. Determination of (Over)/Under Recovered Balance													
Revenue Requirement ¹	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Period Reconciliation Adj.	\$0												\$0
Monthly Recoveries	0	0	0	0	0	4,831	12,324	12,546	11,537	9,190	7,480	7,744	\$65,653
(Over)/Under Recovery	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$4,831)</u>	<u>(\$12,324)</u>	<u>(\$12,546)</u>	<u>(\$11,537)</u>	<u>(\$9,190)</u>	<u>(\$7,480)</u>	<u>(\$7,744)</u>	<u>(\$65,653)</u>
2. Determination of Interest													
Revenue Requirement @ WACC = 7.93%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior Period Reconciliation Adj.	\$0												\$0
Monthly Recoveries	0	0	0	0	0	4,831	12,324	12,546	11,537	9,190	7,480	7,744	65,653
(Over)/Under Recovery	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$4,831)</u>	<u>(\$12,324)</u>	<u>(\$12,546)</u>	<u>(\$11,537)</u>	<u>(\$9,190)</u>	<u>(\$7,480)</u>	<u>(\$7,744)</u>	<u>(\$65,653)</u>
Beginning Balance - (Over)/Under Recovery	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,831)	(\$17,155)	(\$29,701)	(\$41,238)	(\$50,429)	(\$57,908)	
Ending Balance (Over)/Under Recovery	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$4,831)</u>	<u>(\$17,155)</u>	<u>(\$29,701)</u>	<u>(\$41,238)</u>	<u>(\$50,429)</u>	<u>(\$57,908)</u>	<u>(\$65,653)</u>	
Average Balance (Over)/Under	\$0	\$0	\$0	\$0	\$0	(\$2,416)	(\$10,993)	(\$23,428)	(\$35,470)	(\$45,833)	(\$54,168)	(\$61,780)	
Average Balance (Over)/Under - Net of Tax	\$0	\$0	\$0	\$0	\$0	(\$1,429)	(\$6,502)	(\$13,858)	(\$20,980)	(\$27,110)	(\$32,041)	(\$36,543)	
Interest Rate (Annual) ²	0.99%	0.90%	0.92%	1.04%	1.01%	0.99%	1.07%	1.07%	1.13%	1.13%	1.12%	1.09%	
Interest Rate (Monthly)	0.08%	0.08%	0.08%	0.09%	0.08%	0.08%	0.09%	0.09%	0.09%	0.09%	0.09%	0.09%	
Interest (To Customer) /To Company	\$0	\$0	\$0	\$0	\$0	(\$1)	(\$6)	(\$12)	(\$20)	(\$26)	(\$30)	(\$33)	(\$128)
Total (Over)/Under Collection Including Interest													<u>(\$65,780)</u>

Notes: ¹ Based on WACC of 7.93% through July 31, 2014 and a WACC of 7.83% effective August 1, 2014

² Federal Reserve Board US Treasury Securities at two year constant maturity plus 60 basis points.
Interest calculated on a net-of-tax basis. Adjusted to reflect accurate monthly amounts.

ROCKLAND ELECTRIC COMPANY

Monthly Actual Revenue Summary by Service Classification ("SC") of the Low Income Audit II Component of the RGGI Surcharge

<u>SC No.</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-14</u>	<u>Apr-14</u>	<u>May-14</u>	<u>Jun-14</u>	<u>Jul-14</u>	<u>Aug-14</u>	<u>Sep-14</u>	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Total</u>
1						\$1,988	\$6,751	\$6,525	\$5,933	\$4,060	\$3,340	\$3,601	\$32,198
2						\$5,067	\$4,546	\$4,895	\$4,639	\$4,093	\$2,571	\$3,267	\$29,077
3						\$0	\$2	\$2	\$2	\$1	\$2	\$2	\$10
4						-\$84	\$35	\$38	\$42	\$47	\$15	\$44	\$138
5						\$76	\$112	\$117	\$109	\$79	\$78	\$97	\$668
6						\$22	\$29	\$32	\$39	\$43	\$39	\$36	\$240
7						<u>-\$1,899</u>	<u>\$1,711</u>	<u>\$1,815</u>	<u>\$1,582</u>	<u>\$1,510</u>	<u>\$1,958</u>	<u>\$1,239</u>	<u>\$7,917</u>
Total	\$0	\$0	\$0	\$0	\$0	\$5,169	\$13,186	\$13,425	\$12,345	\$9,834	\$8,003	\$8,286	\$70,248
Total Excluding SUT	\$0	\$0	\$0	\$0	\$0	\$4,831	\$12,324	\$12,546	\$11,537	\$9,190	\$7,480	\$7,744	\$65,653

ROCKLAND ELECTRIC COMPANY

**Low Income Audit II Program Component of RGGI Surcharge
Basic Assumptions**

	<u>Effective Prior to August 1, 2014</u>	<u>Effective August 1, 2014</u>
Amortization Period	60 Months	60 Months
Equity Ratio	49.85%	50.35%
Return on Equity	9.75%	9.75%
Equity Component	4.86%	4.91%
After-Tax WACC	7.93%	7.83%
Effective Tax Rate	40.85%	40.85%
Interest Expense	3.07%	2.92%

Case ER09080668

Rockland Electric Company
Electric Service
Consolidated Capital Structure
through July 31, 2014 *
(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%	9.75%	4.86%	8.23%
Total	\$ 1,048,012	100%		7.93% *	11.30%

* Per Board Order dated April 23, 2014 in Docket No. ER13060535, the Company was directed to set the Weighted Average Cost of Capital ("WACC") to 7.93% until Board approval of new WACC in a subsequent Rate Case.

Case ER13111135

Rockland Electric Company
 Electric Service
 Settlement Agreement
 Consolidated Capital Structure
 For Twelve Months Ending March 31, 2014
 (000's)

	Amount (\$000's)	Ratio	Cost Rate	Weighted Average Ratio	Weighted Average Ratio
Long Term Debt	\$ 603.6	49.65%	5.89%	2.92%	2.92%
Common Equity	612	50.35%	9.75%	4.91%	8.31%
Total	<u>\$ 1,215.8</u>	<u>100%</u>		<u>7.83%</u>	<u>11.24%</u>

ROCKLAND ELECTRIC COMPANY**Determination of RGGI Surcharge**

<u>RGGI Rate Components</u>	<u>Excl. SUT (¢/kWh)</u>	<u>Incl. SUT (¢/kWh)</u>
EES Program	0.0168	0.0179
Low Income Audit II Program	<u>0.0012</u>	<u>0.0013</u>
Total	0.0180	0.0192

**DRAFT
GENERAL INFORMATION**

No. 34 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") SURCHARGE

The RGGI Surcharge shall be applied to the kWh usage on the bills of all customers served under this Schedule. The RGGI Surcharge shall include the costs related to the Company's:

- (a) Energy Efficiency Stimulus Program ("EES Program"); and
- (b) Low Income Audit and Direct Install Energy Efficiency Program ("Low Income Audit II Program").

The RGGI Surcharge to be effective on and after the date indicated below shall be set at 0.0192 cents per kWh, including sales and use tax ("SUT"). The RGGI Surcharge includes the following rate components:

	RGGI Surcharge Rate Components (Cents per kWh)	
	Excluding SUT	Including SUT
EES Program	0.0168	0.0179
Low Income Audit II Program	0.0012	0.0013
Total RGGI Surcharge	0.0180	0.0192

(a) EES Program

The EES Program component of the RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually by comparing the actual amounts subject to recovery to the actual amounts collected. Any difference will be included in the EES Program component of the following year's RGGI Surcharge. The difference between the actual monthly revenue requirement associated with the EES Program and actual recoveries through the EES Program component of the RGGI Surcharge will be deferred, with interest, for future recovery.

On February 1 of each year, the Company shall file with the Board the EES Program component of the RGGI Surcharge to be effective for the twelve-month period commencing the following June 1. The EES Program component of the RGGI Surcharge shall be set to recover any prior period over- or under-recovered balances, including interest, and to provide current recovery of the forecasted EES Program revenue requirement over the twelve-month period commencing the following June 1.

(Continued)

ISSUED:

EFFECTIVE:

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

**DRAFT
GENERAL INFORMATION**

No. 34 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") SURCHARGE (Continued)

(b) Low Income Audit II Program

The Low Income Audit II Program component of the RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually by comparing the actual amounts subject to recovery to the actual amounts collected. Any difference will be included in the Low Income Audit II Program component of the following year's RGGI Surcharge. The difference between the actual monthly revenue requirement associated with the Low Income Audit II Program and actual recoveries through the Low Income Audit II Program component of the RGGI Surcharge will be deferred, with interest, for future recovery in the case of an under-collection or for future credits in the case of an over-collection.

On February 1 of each year, the Company shall file with the Board the Low Income Audit II Program component of the RGGI Surcharge to be effective for the twelve-month period commencing the following June 1. The Low Income Audit II Program component of the RGGI Surcharge shall be set to recover any prior period over- or under-recovered balances, including interest, and to provide current recovery of the forecasted Low Income Audit II Program revenue requirement over the twelve-month period commencing the following June 1.

Interest will be included in the deferred balance for both an over-collection and for an under-collection for the EES Program component and the Low Income Audit II Program component of the RGGI Surcharge and will be calculated as determined by the Board in its Order dated October 21, 2008 in Docket Number ER08060455.

ISSUED:

EFFECTIVE:

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

**DRAFT - REDLINE
GENERAL INFORMATION**

No. 34 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") SURCHARGE

The RGGI Surcharge shall be applied to the kWh usage on the bills of all customers served under this Schedule. The RGGI Surcharge shall include the costs related to the Company's:

- (a) Energy Efficiency Stimulus Program ("EES Program"); and
- (b) Low Income Audit and Direct Install Energy Efficiency Program ("Low Income Audit II Program").

The RGGI Surcharge to be effective on and after the date indicated below shall be set at ~~0.0390~~0.0192 cents per kWh, including sales and use tax ("SUT"). The RGGI Surcharge includes the following rate components:

	RGGI Surcharge Rate Components (Cents per kWh)	
	Excluding SUT	Including SUT
EES Program	0.0287 <u>0.0168</u>	0.0307 <u>0.0179</u>
Low Income Audit II Program	0.0078 <u>0.0012</u>	0.0083 <u>0.0013</u>
Total RGGI Surcharge	0.0365 <u>0.0180</u>	0.0390 <u>0.0192</u>

(a) EES Program

The EES Program component of the RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually by comparing the actual amounts subject to recovery to the actual amounts collected. Any difference will be included in the EES Program component of the following year's RGGI Surcharge. The difference between the actual monthly revenue requirement associated with the EES Program and actual recoveries through the EES Program component of the RGGI Surcharge will be deferred, with interest, for future recovery.

On ~~September-February~~ January 1 of each year, the Company shall file with the Board the EES Program component of the RGGI Surcharge to be effective for the twelve-month period commencing the following ~~January~~ June 1. The EES Program component of the RGGI Surcharge shall be set to recover any prior period over- or under-recovered balances, including interest, and to provide current recovery of the forecasted EES Program revenue requirement over the twelve-month period commencing the following ~~January~~ June 1.

(Continued)

ISSUED:

EFFECTIVE:

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

**DRAFT - REDLINE
GENERAL INFORMATION**

No. 34 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") SURCHARGE (Continued)

(b) Low Income Audit II Program

The Low Income Audit II Program component of the RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually by comparing the actual amounts subject to recovery to the actual amounts collected. Any difference will be included in the Low Income Audit II Program component of the following year's RGGI Surcharge. The difference between the actual monthly revenue requirement associated with the Low Income Audit II Program and actual recoveries through the Low Income Audit II Program component of the RGGI Surcharge will be deferred, with interest, for future recovery in the case of an under-collection or for future credits in the case of an over-collection.

On February 1 of each year, the Company shall file with the Board the Low Income Audit II Program component of the RGGI Surcharge to be effective for the twelve-month period commencing the following June 1. The Low Income Audit II Program component of the RGGI Surcharge shall be set to recover any prior period over- or under-recovered balances, including interest, and to provide current recovery of the forecasted Low Income Audit II Program revenue requirement over the twelve-month period commencing the following June 1.

Interest will be included in the deferred balance for both an over-collection and for an under-collection for the EES Program component and the Low Income Audit II Program component of the RGGI Surcharge and will be calculated as determined by the Board in its Order dated October 21, 2008 in Docket Number ER08060455.

ISSUED:

EFFECTIVE:

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