



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

DIVISION OF ENERGY

IN THE MATTER OF ROCKLAND ELECTRIC )  
COMPANY'S ANNUAL SOCIETAL BENEFITS )  
CHARGE FILING )

ORDER ADOPTING  
STIPULATION

DOCKET NO. ET06090630  
DOCKET NO. ET07040244  
DOCKET NO. ET08040274

(STIPULATION AND SERVICE LIST ATTACHED)

BY THE BOARD:

In accordance with the July 22, 2002 Order of the New Jersey Board of Public Utilities ("Board") in Docket Nos. EO97070464, EO97070465 and EO97070466, on April 3, 2006, the Rockland Electric Company ("RECO" or "Company") filed for Board approval of its annual reconciliation of any over-recovered or under-recovered balances recovered through its Societal Benefits Charge ("SBC"), and to provide for current program cost recovery. The reconciliation and the current program costs relate to the Company's demand-side management ("DSM") programs and the Clean Energy program ("DSM/CEP"). The matter was assigned Docket No. ET06090630 ("2006 SBC"). On August 2, 2006, RECO filed a draft revised tariff sheet and supporting workpapers to update the SBC filing to reflect the increase from 6% to 7% in the sales and used tax ("SUT") pursuant to L. 2006, c. 44, which was signed into law on July 8, 2006.

During the review process for the 2006 SBC, on April 2, 2007, RECO made its 2007 SBC filing. This filing was assigned to Docket No. ET07070244 ("2007 SBC"). On April 1, 2008, while both the 2006 SBC and the 2007 SBC remained under review, RECO filed its 2008 annual SBC filing, Docket No. ET08040274 ("2008 SBC").

This Order resolves the 2006 SBC, 2007 SBC and the 2008 SBC petitions filed by RECO.

BACKGROUND/PROCEDURAL HISTORY

The Company is a wholly-owned subsidiary of Orange and Rockland Utilities, Inc., a New York utility, which is a subsidiary of Consolidated Edison, Inc. RECO provides electric distribution

service to approximately 70,000 customers in portions of Bergen, Passaic and Sussex Counties.

Pursuant to N.J.S.A. 48:3-60, the SBC was established to recover the costs incurred by the electric and gas public utilities for expenditures related to social programs including Board-approved energy efficiency and renewable energy programs, and the funding of two statewide low-income energy bill payment assistance programs, the Universal Service Fund ("USF") and the Lifeline programs. The SBC also includes a component to allow the utility to refund or recover over- or under-collections based on the prior year's SBC recoveries as against actual program costs.

In its 2006 SBC filing, the Company sought to recover current costs and any refund or recover prior period over- or under-collection balances relating to its DSM programs, including the costs associated with DSM programs and bidding programs and the Clean Energy Program during the reconciliation period of August 1, 2005 through July 31, 2006. The result of the reconciliation of the DSM /CEP component of the SBC rate was a proposed increase in this rate component to 0.3056 cent per kWh from the then currently effective rate of 0.2794 cent per kWh, including SUT, which had been set in RECO's 2005 SBC in BPU Docket Nos. ET04040235 and ET05040313 dated September 23, 2005. This proposed revised rate never went into effect.

In its 2007 SBC, RECO filed a proposed tariff leaf and supporting workpapers in support of an increase in the DSM/CEP component of the SBC rate to 0.2816 cent per kWh from the then currently effective rate of 0.2794 cent kWh, including SUT. According to the Company, the increase in this rate component was the result of the prior period net under-collection and higher projected program costs for the 12 months ending July 31, 2008. These higher than projected program costs resulted from the Board's approval of increased funding levels for the Clean Energy Programs. However, the prior period under-collection in 2006 SBC and the under-collection for the 12 months ended July 31, 2007 as presented in the 2007 SBC filing were offset by the remaining Energy Cost Adjustment ("ECA") over-collection balance of \$807,270.00 in accordance with the Board Order approving Stipulation of Settlement on December 7, 2006<sup>1</sup>. The \$807,270.00 represented the remaining deferred ECA balance on the Company's books as of February 28, 2007.

In its 2008 SBC, RECO filed its supporting workpapers detailing the reconciliation and calculation of the DSM/CEP rate component of the SBC. The result of this reconciliation is a proposed decrease in this rate component of the SBC to 0.1584 cent per kWh from the currently effective 2005 SBC rate of 0.2794 cent per kWh, including SUT. The decrease is the result of net over-recoveries of program costs of approximately \$1,390,609 and higher than projected sales for the 12 months ending July 31, 2009. On its tariff leaf, RECO proposed that this DSM/CEP rate be broken down in two components: (1) a charge of 0.2442 cent per kWh, including SUT to provide for the current program cost recovery and (2) a reconciliation adjustment of -0.0858 cent per kWh to provide for the net over-recoveries of \$1,390,609 for the period August 1, 2005 through July 31, 2008 (the "Reconciliation Adjustment"). Thus, RECO proposed setting the DSM/CEP rate component of the SBC at 0.1584 cent (0.2442 less 0.0858) per kWh to be effective for the period of August 1, 2008 through July 31, 2009. Effective after July 31, 2009, the Company proposed the elimination of the Reconciliation Adjustment and continuation of the charge of 0.2442 cent per kWh, including SUT, to provide recovery of the

---

<sup>1</sup>BPU Docket No. EM05121072, I/M/O the Verified Petition of Rockland Electric Company for an Order to Authorize the Buyout of a Power Sales Agreement Between Orange and Rockland Utilities, Inc. and KMS Crossroads, Inc., Order Approving Stipulation on December 7, 2006.

current DSM and Clean Energy program costs. The current DSM/CEP costs reflect projected program spending of \$3,958,722 for 12 months ending July 31, 2009. Effective August 1, 2008, the proposed SBC rate of 0.3558 cent per kWh, including SUT, would consist of the following: 1) 0.2442 cent per kWh relating to DSM and Clean Energy programs; 2) a reconciliation adjustment of -0.0858 cent per kWh relating to the net over-recoveries of \$1,390,609; and 3) 0.1300 cent per kWh relating to the Universal Service Fund; and 0.0674 cent per kWh relating to Lifeline. The proposed SBC rate represents a decrease of 0.1210 cent per kWh from the current SBC rate of 0.4768 cent per kWh, including SUT.

Throughout the course of the proceedings, the Staff of the New Jersey Board of Public Utilities ("Board Staff") and the Department of the Public Advocate, Division of the Rate Counsel ("Rate Counsel") propounded numerous discovery requests, which were responded to by the Company.

Representatives of the Company, Board Staff and the Rate Counsel (collectively "the Parties"), have engaged in discussions in an attempt to resolve all the outstanding issues, and to finalize the Company's SBC charge. As a result of those discussions, on November 5, 2008, the Parties entered into the attached stipulation of settlement ("Stipulation") resolving all issues in the 2006, 2007 and 2008 SBC proceedings.

## STIPULATION

Under the terms of the Stipulation, the Parties have agreed to the following salient terms<sup>2</sup>:

1. The Company shall be allowed to implement an SBC of 0.5137 cent ("Revised SBC") per kWh, including SUT. Effective thru July 31, 2009, this rate will be decreased by the Reconciliation Adjustment of -0.0956 cent per kWh, including SUT, and a compression adjustment of -0.0731 cent per kWh, including SUT, based on an effective date of December 1, 2008. The Revised SBC is reduced to a charge of 0.3450 cent per kWh, including SUT, as a result of these adjustments, and represents a decrease of 0.2055 cent per kWh from the current SBC rate of 0.5505 cent per kWh, including SUT. As set forth on Page 1 of Exhibit A attached to the Stipulation, this rate effective thru July 31, 2009, reflects the 0.2426 cent per kWh rate component, including SUT, relating to the Company's projected DSM programs and Clean Energy Program expenditures; a Reconciliation Adjustment of -0.0956 cent per kWh, relating to the net over-recoveries of previous program years; a compression adjustment of -0.0731 cent per kWh, relating to refund of the net over-recoveries over the remaining eight months of the August 1, 2008 through July 31, 2009 recovery period. The Revised SBC also reflects the current 0.2030 cent per kWh and 0.0681 cent per kWh rate components, including SUT, relating to the Company's USF and Lifeline programs, respectively. The updated projected DSM/CEP spending of \$3,932,433 for 12 months ending July 31, 2009 as set forth on Page 6 of Exhibit A, will be partly offset by the SBC net over-recoveries of \$1,549,628 attributable to the period August 1, 2005 through July 31, 2008. The net over-recoveries include the remaining deferred ECA over-collection balance of \$879,358.00 with interest through July 31, 2008, in accordance with the Board Order in Docket No. EM05121072 dated December 7, 2006.

2. After July 31, 2009, RECO shall be allowed to eliminate the Reconciliation Adjustment of -0.0956 cent per kWh and the compression adjustment of -0.0731 cent per kWh,

---

<sup>2</sup>Except as modified by this Order, should there be any inconsistency between this summary and the Stipulation, the terms of the Stipulation control.

which will be separately stated in the Company's Electric Tariff as a temporary rate adjustment ("TRA").

3. Effective August 1, 2005, the monthly interest on RECO's SBC over- or under-recoveries was determined based on the Overnight A2/P2 Non-financial Commercial Paper interest rate published in the Federal Reserve Statistical Release on the last business day of each month. In accordance with the April 20, 2004 Board Order<sup>3</sup>, the interest on the SBC and ECA deferrals was to be accrued at the Company's monthly actual cost of short-term debt, or in the event that no short-term debt was outstanding, the rate on equivalent temporary cash investments would be applied. RECO used the Overnight A2/P2 Non-financial Commercial Paper as the equivalent of temporary cash investments as set forth in Exhibit C. Effective August 1, 2008, RECO shall implement the methodology for calculating interest on SBC recoveries as outlined in the Board Order approving the 2008/2009 USF and Lifeline rates<sup>4</sup>. The revised interest rate on the SBC recoveries shall be based on U.S. Treasury securities at two-year constant maturity 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 sixty basis points, but shall not exceed RECO's overall rate of return as authorized by the Board.

4. The revised tariff leaves relating to the Revised SBC shall become effective on the first day of the month following the Board's issuance of written authorization approving this Stipulation or as soon thereafter as possible ("Effective Date").

5. Upon Board approval of this Stipulation and receipt of written authorization from the Board, RECO shall file the revised tariff leaves relating to the Revised SBC, in the form set forth in Exhibit D attached to the Stipulation (reflecting the Effective Date) approved by Signatory Parties in this Stipulation, as soon as possible.

### **DISCUSSION AND FINDINGS**

The Board has carefully reviewed the record 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 FURTHER FINDS that: (1) the Parties have voluntarily agreed to the Stipulation; and (2) the Stipulation fully disposes of all issues in controversy and is consistent with the law. 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 Parties to comply with the terms and conditions incorporated within the Stipulation.

The Board recognizes that the Stipulation is responsive to and balances the respective needs of both the utility and its residential customers. The Board also recognizes that the impact of the SBC rate change on the average monthly bill of a typical residential customer using 925 kWh translates to approximately 1% decrease on a monthly basis, or \$1.68 per month.

---

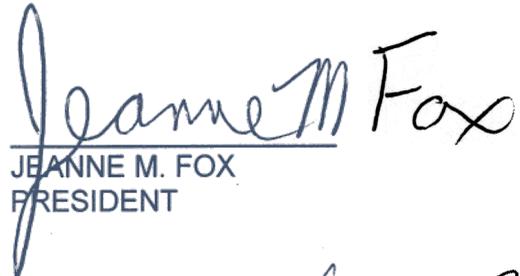
<sup>3</sup>BPU Docket No. ER02080614, I/M/O the Verified Petition of Rockland Electric Company for the Recovery of its Deferred Balances and the Establishment of Non-delivery Rates Effective August 1, 2003, dated April 20, 2004.

<sup>4</sup>BPU Docket No. ER08060455, I/M/O the 2008/2009 Annual Compliance Filings for the Universal Service Fund (USF) Program Facto within the Societal Benefits Charge (SBC) Rate pursuant to Section 12 of the 1999 Electric Discount and Energy Competition Act, dated October 21, 2008.

The Board HEREBY FURTHER DIRECTS the Company to file revised tariff sheets reflecting the terms and provisions of this Order within ten (10) days of the issuance of this Order. The rate authorized herein, which is subject to Board audit, shall be effective for service rendered on the first day of the month following the date of this Board Order.

DATED: 11/26/08

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

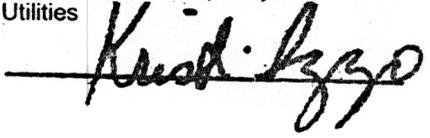
  
NICHOLAS ASSELTA  
COMMISSIONER

  
ELIZABETH RANDALL  
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 ROCKLAND ELECTRIC COMPANY'S ANNUAL SOCIETAL BENEFITS  
CHARGE FILING - Docket Nos. ET06090630, ET07040244 and ET08040274

SERVICE LIST

Nusha Wyner, Director  
Division of Energy  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Alice Bator, Bureau Chief  
Division of Energy  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Eloisa Flores  
Division of Energy  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Alex Moreau, DAG  
Dept. of Law & Public Safety  
Division of Law  
124 Halsey St. 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, NJ 07101

Arlene Pasko, DAG  
Dept. of Law & Public Safety  
Division of Law  
124 Halsey St. 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, NJ 07101

Babette Tenzer, DAG  
Dept. of Law & Public Safety  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, N.J. 07101

Stefanie Brand, Esq., Director  
Division of the Rate Counsel  
Department of the Public Advocate  
31 Clinton Street - 11th Fl.  
P.O. Box 46005  
Newark, NJ 07101

Diane Schulze, Esq.  
Division of the Rate Counsel  
Department of the Public Advocate  
31 Clinton Street - 11th Fl.  
P.O. Box 46005  
Newark, NJ 07101

Andrea Crane  
The Columbia Group, Inc.  
One North Main St. P.O. Box 810  
Georgetown, CT 06829

John L. Carley, Esq.  
Consolidated Edison Co. of NY, Inc.  
4 Irving Place  
New York, NY 10003

William Atzl, Jr.  
Consolidated Edison Co. of NY, Inc.  
4 Irving Place  
New York, NY 10003

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

---

**I/M/O Rockland Electric Company Annual Societal  
Benefits Charge Filing.**

---

:  
: BPU Docket No. ET06090630  
: BPU Docket No. ET07040244  
: BPU Docket No. ET08040274

**STIPULATION OF SETTLEMENT**

THIS STIPULATION OF SETTLEMENT (“Stipulation”) is made as of this 5th day of November 2008 by and among Rockland Electric Company (“RECO” or the “Company”), Staff of the Board of Public Utilities (“Staff”), and the New Jersey Department of the Public Advocate, Division of Rate Counsel (“Rate Counsel”) (collectively referred to herein as the “Signatory Parties”).

In accordance with the Board of Public Utilities (“Board”) Final Decision and Order dated July 22, 2002, in the Board’s Docket Nos. EO97070464 et al., Leaf No. 14 of the Company’s Schedule for Electric Service P.U.C. No. 2 – Electricity (“Electric Tariff”) requires the Company to submit to the Board an annual filing to reconcile any over-or-under-recovered balances recovered through the Societal Benefits Charge (“SBC”) and to provide for current program cost recovery. Accordingly, as described below, the Company filed revisions to the Demand Side Management (“DSM”) and Clean Energy Program (“CEP”) components of the SBC rate on April 1, 2006, April 2, 2007, and March 31, 2008. However, the revised SBC rates proposed in these filings were never implemented and the SBC remained at the level approved by the Board in

September 2005<sup>1</sup>. This Stipulation sets forth an SBC rate with a DSM and CEP component of 0.2426 cents per kWh, including Sales and Use Tax (“SUT”), which is lower than the current DSM and CEP component of 0.2794 cents per kWh, including SUT. As a result of this revised DSM and CEP component, the Company forecasts a decrease in SBC recoveries of approximately \$2.5 million for the period December 1 2008 through November 30, 2009<sup>2</sup>. Since the net result is a decrease in rates, no public hearing is necessary.

On April 1, 2006, RECO filed a proposed tariff leaf and supporting workpapers (“April 2006 Filing”) to provide that the SBC shall include current costs and any refund or recovery of prior period over-or-under collection balances relating to (a) the Company’s DSM programs, including the costs associated with the DSM bidding programs (collectively referred to as the “DSM Programs”) and (b) the Clean Energy Program. The April 2006 filing did not propose any changes to the Universal Fund (“USF”) and Lifeline rate components of the SBC. In accordance with the provisions of the Company’s Electric Tariff, the Company requested that the revised rate component of the SBC relating to the DSM Programs and the Clean Energy Program be reflected in the SBC effective August 1, 2006 through July 31, 2007 (“2006-2007 Recovery Period”).

On July 14, 2006, RECO filed a revised tariff leaf and supporting workpapers to update the SBC to reflect the increase from 6% to 7% in the SUT pursuant to P.L. 2006, c44, which was signed into law on July 8, 2006. This filing was approved by the Board in an order issued July 21, 2006, in Docket No. AT06070502.

---

<sup>1</sup> The rates approved in September 2005 were adjusted in July 2006 for an increase in the Sales and Use Tax from 6% to 7%.

<sup>2</sup> Since the Company’s Electric Tariff requires the Company to file a revised DSM and CEP component on April 1, 2009 with a proposed effective date of August 1, 2009, this DSM and CEP component may not remain in effect through November 30, 2009.

On April 2, 2007, RECO filed a proposed tariff leaf and supporting workpapers (“April 2007 Filing”) to provide that the SBC shall include current costs and any refund or recovery of prior period over-or-under collection balances relating to (a) the Company’s DSM Programs, and (b) the Clean Energy Program. The April 2007 filing did not propose any changes to the Universal Fund (“USF”) and Lifeline rate components of the SBC. In accordance with the provisions of the Company’s Electric Tariff, the Company requested that the revised rate component of the SBC relating to the DSM Programs and the Clean Energy Program be reflected in the SBC effective August 1, 2007 through July 31, 2008 (“2007-2008 Recovery Period”).

On March 31, 2008, RECO filed a proposed tariff leaf and supporting workpapers (“March 2008 Filing”) to provide that the SBC shall include current costs and any refund or recovery of prior period over-or-under collection balances relating to (a) the Company’s DSM Programs, and (b) the Clean Energy Program. The March 2008 filing did not propose any changes to the Universal Fund (“USF”) and Lifeline rate components of the SBC. In accordance with the provisions of the Company’s Electric Tariff, the Company requested that the revised rate component of the SBC relating to the DSM Programs and the Clean Energy Program be reflected in the SBC effective August 1, 2008 through July 31, 2009 (“2008-2009 Recovery Period”).

Since RECO’s submission of the April 2006 Filing, the April 2007 Filing and the March 2008 Filing (collectively, the “RECO SBC Filings”), Rate Counsel and Staff have propounded, and the Company has responded to, detailed discovery requests. The Signatory Parties also have engaged in discussions in an attempt to resolve all outstanding issues.

Given the completeness of the record and the intention of the Signatory Parties to reasonably, fully and finally resolve all open issues relating to the RECO SBC Filings, and in consideration of the recitals and mutual promises and covenants set forth herein, the Signatory Parties, having given due consideration to the existing record and the various issues addressed therein, DO HEREBY STIPULATE AND AGREE AS FOLLOWS:

SBC Rate. The Company shall be allowed to implement an SBC of 0.5137 cents per kWh ("Revised SBC"), including SUT. Effective through July 31, 2009, this rate is decreased by a Reconciliation Adjustment of -0.0956 cents per kWh, including SUT, and a compression adjustment of -0.0731 cents per kWh, including SUT, resulting to an SBC rate of 0.3450 cents per kWh, including SUT. As set forth on Page of 7 of Exhibit A hereto, this rate includes: a 0.2426 cents per kWh rate component, including SUT, relating to the Company's DSM and Clean Energy Program costs of \$3,932,433 for the 2008-2009 Recovery Period; a -0.0956 cents per kWh Reconciliation Adjustment, including SUT, to refund the over-collection attributable to the period August 1, 2005 through July 31, 2008; and a compression adjustment of -0.0731 cents/kWh, including SUT, based on an effective date of December 1, 2008, to permit full recovery of the Company's DSM and Clean Energy Program costs, and refund of the over-collection described below, over the remaining months of the 2008-2009 Recovery Period. The calculation of the compression adjustment is set forth on Page 7 of 7 of Exhibit A. This compression adjustment has been separately stated in the Company's Electric Tariff as a Temporary Rate Adjustment that expires after July 31, 2009. The Reconciliation Adjustment has also been separately stated in the Company's Electric Tariff and expires after July 31, 2009. The Revised SBC also reflects the 0.2030 cents per kWh and 0.0681

cents per kWh rate components, including SUT, relating to the Company's USF and Lifeline programs respectively<sup>3</sup>. As shown in Exhibit A, Page 2 of 7, the Reconciliation Adjustment is based on a net over-collection of \$1,549,628, including interest, attributable to the period August 1, 2005 through July 31, 2008. As shown on Exhibit A, page 3 of 7, this net over-collection includes the remaining deferred Energy Cost Adjustment ("ECA") over-collection balance of \$870,000, including interest through December 31, 2007 (or \$879,358 with interest for the period January 1, 2008 through July 31, 2008), in accordance with the Board-approved Stipulation of Settlement dated November 21, 2006<sup>4</sup>. The \$870,000 represents the remaining deferred ECA over-collection balance on the Company's books as of December 31, 2007.

The net over-collection reflects certain cost adjustments as set forth in Exhibit B. In addition to these adjustments, in order to reconcile outstanding claims among the Signatory Parties, the Signatory Parties agree to a general settlement adjustment of \$75,000. This is reflected in Exhibit A, Page 3 of 7.

All SBC component rates are subject to audit by the Board.

2. SBC Interest Rate. The Signatory Parties agree that, effective August 1, 2005, monthly interest on RECO's SBC over- or under-collections was determined based on the Overnight A2/P2 Non-financial Commercial Paper Interest Rate published by the Federal Reserve Board for the last business day of each month. In accordance with the Board

---

<sup>3</sup> These USF and Lifeline Rates were approved by the Board in its October 21, 2008 order in Docket No. ER08060455.

<sup>4</sup> BPU Docket No. EMO5121072, *I/M/O the Verified Petition of Rockland Electric Company for an Order to Authorize the Buyout of a Power Sales Agreement Between Orange and Rockland Utilities, Inc. and KMS Crossroads, Inc.*, Order Approving Stipulation (dated December 7, 2006).

Order dated April 20, 2004<sup>5</sup> the interest on the SBC and ECA deferrals should be accrued at the Company's monthly actual cost of short-term debt, or in the event that no short-term debt is outstanding, the rate on equivalent temporary cash investments will be applied. RECO used the Overnight A2/P2 Non-financial Commercial Paper Interest Rate as the rate on equivalent temporary cash investments as set forth in Exhibit C. Exhibit C sets forth this rate for each month during the period August 2005 through July 2008. For the period beginning August 2008, the Company agrees to adopt and implement the methodology for calculating interest as outlined in the Board's October 21, 2008 Order in Docket No. ER08060455. The interest rate on the SBC recoveries shall be the interest rate based on U.S. Treasury securities at two-year constant maturity 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 sixty basis points, but shall not exceed RECO's overall rate of return as authorized by the Board.

3. Effective Date. The revised tariff leaf relating to the Revised SBC shall become effective on the first day of the month following the Board's issuance of written authorization approving this Stipulation or as soon thereafter as possible ("Effective Date"). The calculation of the Revised SBC is based on an effective date of December 1, 2008. If the effective date is delayed beyond December 1, 2008, a revision to the compression adjustment included in the Revised SBC will be required.

4. Tariff. Upon Board approval of this Stipulation and receipt of written authorization from the Board, RECO shall file the revised tariff leaf relating to the

---

<sup>5</sup> BPU Docket No. ER02080614, *I/M/O the Verified Petition of Rockland Electric Company for the Recovery of its Deferred Balances and the Establishment of Non-delivery Rates Effective August 1, 2003*, dated April 20, 2004.

Revised SBC, in the form set forth in Exhibit D hereto (reflecting the Effective Date), approved by Signatory Parties in this Stipulation, as soon as possible.

5. Voluntariness. The Signatory Parties agree that this Stipulation is voluntary, consistent with law, and fully dispositive of the issues addressed herein

6. Expeditious Board Approval. Each Signatory Party agrees to use its best efforts to ensure that this Stipulation is submitted in a timely fashion to the Board for its approval without modification or condition.

7. Rights Upon Disapproval or Modification. This Stipulation contains mutually balancing and interdependent provisions, and is intended to be accepted and approved in its entirety to fully and finally resolve all issues relating to the RECO SBC Filings. This Stipulation is an integral settlement and the various parts hereof are not severable without upsetting the balance of agreements and compromises achieved among the Signatory Parties. In the event the Board disapproves this Stipulation as a whole, it shall be null and void. In the event that any particular aspect of this Stipulation is not accepted and approved by the Board in its entirety, without modification, or is modified by a court of competent jurisdiction: (i) the Signatory Parties are not waiving any legal or procedural rights, arguments or claims they may have before the Board or in any forum, and (ii) this Stipulation shall, at the option and discretion of any Signatory Party aggrieved thereby, exercised by written notice to the other Parties within ten days after receipt of any such adverse decision, be null and void in which case the Signatory Parties shall be placed in the same position that they were in immediately prior to its execution.

8. Party Reservations. This Stipulation represents a negotiated compromise resolution that has been made exclusively for the purpose of the above-referenced proceedings. Although binding on the Signatory Parties with respect to the issues

resolved herein in these proceedings, this Stipulation, in total or by specific item, is in no way binding upon the Signatory Parties (or non-signatories) and is not to be considered or cited as precedent in favor of or against their respective positions on any issue in any other proceeding, except to enforce the terms of this Stipulation. The Signatory Parties agree that the unique resolution of the issues relating to the RECO SBC Filings shall apply only to these above captioned cases and that any similar future cases shall be reviewed by the Board on an individual basis. This Stipulation is without prejudice to the positions of the respective Signatory Parties or of the Board with respect to any future rate cases or other proceedings involving the Company, except as specifically set forth herein.

9. Captions. The subject headings of the sections of this Stipulation are inserted solely for the purpose of convenient reference and are not intended to, nor shall they, affect the meaning of any provision of this Stipulation.

10. Governing Law. This Stipulation shall be governed and construed in accordance with the laws of the State of New Jersey.

11. Execution. This Stipulation may be executed in one or more counterparts. Each Signatory Party has caused its duly authorized representative to execute below and deliver this Stipulation.

ROCKLAND ELECTRIC COMPANY

By John L. Conley

Title ASSISTANT GENERAL COUNSEL

ANNE MILGRAM  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Staff of the Board of Public Utilities

By:   
Alex Moreau  
Arlene E. Pasko  
Deputy Attorneys General

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

By: Diane Schulze  
Diane Schulze  
Assistant Deputy Public Advocate

**ROCKLAND ELECTRIC COMPANY**

**Determination of Societal Benefits Charge ("SBC") Per Stipulation of Settlement  
in BPU Docket Nos. ET06090630, ET07040244 & ET08040274**

<b><u>SBC Rate Components</u></b>	<b>Rate Incl. TRA; Excl. SUT (cents/kWh)</b>	<b>Rate <sup>1</sup> Incl. TRA &amp; SUT (cents/kWh)</b>	<b>Rate <sup>2</sup> Excl. TRA; Incl. SUT (cents/kWh)</b>
DSM/Clean Energy Programs	0.2267	0.2426	0.2426
Reconciliation	(0.0893)	(0.0956)	0.0000
Temporary Rate Adjustment ("TRA")	(0.0683)	(0.0731)	0.0000
Universal Service Fund	0.1897	0.2030	0.2030
.ifeline	<u>0.0636</u>	<u>0.0681</u>	<u>0.0681</u>
Total	0.3224	0.3450	0.5137

Notes: 1 Effective through July 31, 2009

2 Effective after July 31, 2009

ROCKLAND ELECTRIC COMPANY

**Determination of Societal Benefits Charge ("SBC") Per Stipulation of Settlement  
in BPU Docket Nos. ET06090630, ET07040244 & ET08040274**

<b><u>Line</u></b>	<b><u>Reconciliation of SBC for the Period August 1, 2007 - July 31, 2008:</u></b>	
	SBC Recoveries: (08/01/07 - 07/31/08) - See Page 3	\$4,477,124
2	SBC Costs, Excluding Universal Service Fund/Lifeline Costs, for the period (08/01/07 - 07/31/08) - See Page 3	2,855,295
3	Prior Period Reconciliation (Over)/Under Recovery - See Page 3	40,151
4	Settlement Adjustments (Over)/Under Recovery - See Page 3	913,004
5	ECA Adjustment (including interest) - See Page 3	<u>(879,358)</u>
6	Total SBC Costs to be Recovered (08/01/07 - 07/31/08) (Lines 2 thru 5)	2,929,092
	SBC (Over)/Under Recovery Balance - Line 6 minus Line	(1,548,032)
8	Interest (Over)/Under Recovery Balance - See Page 3	<u>(1,596)</u>
9	<b>Total SBC (Over)/Under Recovery Balance for 12 months ended July 31, 2008 (Line 7 plus Line 8)</b>	<b>(\$1,549,628)</b>
	<b><u>Determination of SBC</u></b>	
10	Projected Sales (kWh) 12 months ending July 31, 2009	,734,836,000
1	\$ per kWh Reconciliation to be (Refunded)/Surcharged - Line 9/Line 10	(\$0.000893)
12	Projected Spending - 12 months ending July 31, 2009 - See Page 6	\$3,932,433
13	\$ per kWh Projected Spending to be (Refunded)/Surcharged - Line 12/Line 10	\$0.002267
14	Proposed SBC, excl. SUT (\$/kWh) - Line 11 plus Line 13	\$0.001374
15	Temporary Rate Adjustment ("TRA"), excl. SUT (\$/kWh) - See Page 7	(\$0.000683)
16	<b>SBC, incl. SUT (\$/kWh) - Line 14 times Line 18</b>	<b>\$0.001470</b>
17	<b>TRA incl. SUT (\$/kWh) - Line 15 times Line 18</b>	<b>(\$0.000731)</b>
18	Sales and Use Tax ("SUT")	1.07

**ROCKLAND ELECTRIC COMPANY**

**Determination of Societal Benefits Charge ("SBC")  
August 2007 through July 2008 Cost Recovery Period**

<u>RECO</u>	<u>Aug-07</u>	<u>Sep-07</u>	<u>Oct-07</u>	<u>Nov-07</u>	<u>Dec-07</u>	<u>Jan-08</u>	<u>Feb-08</u>	<u>Mar-08</u>	<u>Apr-08</u>	<u>May-08</u>	<u>Jun-08</u>	<u>Jul-08</u>	<u>Total</u>
	<u>Actual</u>												
SBC Recoveries	\$463,815	\$426,375	\$420,560	\$291,391									
Prior Period Reconciliation Adj. <sup>1</sup>	\$40,151	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,151
Legacy Program Costs	\$23,181	\$56,461	\$25,931	(\$126,761)	\$156,072	\$111,022	\$22,426	\$85,441	\$85,330	\$8,214	\$40,578	\$23,324	\$511,219
CEP Program Costs	\$5,896	\$698,543	(\$231,811)	(\$313,549)	\$252,323	\$264,858	\$318,295	\$254,515	\$245,623	\$252,885	\$253,480	\$343,018	\$2,344,076
Total Program Costs	\$29,077	\$755,004	(\$205,880)	(\$440,310)	\$408,395	\$375,880	\$340,721	\$339,956	\$330,953	\$261,099	\$294,058	\$366,342	\$2,855,295
Settlement Adjustments - CEP Programs - (Over)/Under Accrual	\$902,989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$902,989
Settlement Adjustments - Legacy Programs - (Over)/Under Accrual	\$85,015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$85,015
General Settlement Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$75,000)	(\$75,000)
Total Settlement Adjs. <sup>2</sup>	\$988,004	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$75,000)	\$913,004
Program Costs Incl. Adjustments	\$1,057,232	\$755,004	(\$205,880)	(\$440,310)	\$408,395	\$375,880	\$340,721	\$339,956	\$330,953	\$261,099	\$294,058	\$291,342	\$3,808,450
Interest - (Over)/Under Recovery	\$1,740	\$2,518	\$736	(\$1,068)	(\$877)	(\$644)	(\$682)	(\$638)	(\$517)	(\$562)	(\$715)	(\$887)	(\$1,596)
Total Program Costs Incl. Adjs. & Interest	\$1,058,972	\$757,522	(\$205,144)	(\$441,378)	\$407,518	\$375,236	\$340,039	\$339,318	\$330,436	\$260,537	\$293,343	\$290,455	\$3,806,854
(Over)/Under Recovery	\$595,157	\$331,147	(\$625,704)	(\$732,769)	\$53,581	(\$1,302)	(\$5,795)	\$9,445	\$20,046	(\$49,209)	(\$85,482)	(\$179,384)	(\$670,270)
Energy Cost Adjustment Offset <sup>3</sup>	-	-	-	-	-	(\$870,000)	-	-	-	-	-	-	(\$870,000)
Interest on ECA Offset	-	-	-	-	-	(\$1,467)	(\$1,531)	(\$1,471)	(\$1,261)	(\$1,205)	(\$1,269)	(\$1,154)	(\$9,358)
Total ECA Offset	\$0	\$0	\$0	\$0	\$0	(\$871,467)	(\$1,531)	(\$1,471)	(\$1,261)	(\$1,205)	(\$1,269)	(\$1,154)	(\$879,358)
Net SBC (Over)/Under Recovery Balance	\$595,157	\$331,147	(\$625,704)	(\$732,769)	\$53,581	(\$872,769)	(\$7,326)	\$7,974	\$18,785	(\$50,414)	(\$86,751)	(\$180,538)	(\$1,549,628)
Interest Rate (%) <sup>4</sup>	5.95%	5.54%	5.05%	4.97%	4.66%	3.42%	3.57%	3.43%	2.94%	2.81%	.96%	2.69%	

Notes: 1 Over recovery balance for the period August 1, 2005 through July 31, 2007 per Exhibit A, Page 4 of 7

2 See Exhibit B

3 Pursuant to Order Adopting Stipulation, issued December 7, 2006 in Docket No. EM05121072.

4 See Exhibit C. Calculated on a net-of-tax basis.

**ROCKLAND ELECTRIC COMPANY**

**Determination of Societal Benefits Charge ("SBC")  
August 2006 through July 2007 Cost Recovery Period**

	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Total
<b>RECO</b>	<b>Actual</b>												
SBC Recoveries		\$410,310	\$322,103	\$328,946	\$330,880								
Prior Period <sup>1</sup>	\$485,531	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$485,531
Program Costs	\$487,926	\$766,233	\$325,182	\$316,058	\$284,461	\$349,938	\$599,649	\$96,616	\$264,054	\$270,287	\$418,758	\$301,397	\$4,480,558
Total Costs	\$973,457	\$766,233	\$325,182	\$316,058	\$284,461	\$349,938	\$599,649	\$96,616	\$264,054	\$270,287	\$418,758	\$301,397	\$4,966,089
Settlement Adjustments (Over)/Under Accrual <sup>2</sup>	\$388,401	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$988,004)	(\$599,603)
Total Costs Incl. Adj.	\$1,361,858	\$766,233	\$325,182	\$316,058	\$284,461	\$349,938	\$599,649	\$96,616	\$264,054	\$270,287	\$418,758	(\$686,607)	\$4,366,486
Interest - (Over)/Under Recovery	\$2,320	\$3,341	\$3,288	\$3,248	\$3,154	\$3,104	\$3,783	\$3,240	\$3,010	\$2,921	\$3,074	\$15	\$34,498
Total Program Costs	\$1,364,178	\$769,574	\$328,470	\$319,306	\$287,615	\$353,042	\$603,432	\$99,856	\$267,064	\$273,208	\$421,832	(\$686,592)	\$4,400,984
(Over)/Under Recovery	\$885,398	\$359,264	\$6,367	(\$9,640)	(\$43,265)	\$1,882	\$253,910	(\$237,676)	(\$48,330)	(\$34,865)	\$35,381	(\$1,128,276)	\$40,151
Interest Rate (%) <sup>3</sup>	5.33%	5.47%	5.37%	5.36%	5.41%	5.33%	5.36%	5.52%	5.36%	.38%	5.50%	5.48%	

Notes: 1 Under recovery balance for the period August 1, 2005 through July 31, 2006.

2 See Exhibit B.

3 See Exhibit C. Calculated on a net-of-tax basis.

**ROCKLAND ELECTRIC COMPANY**

**Determination of Societal Benefits Charge ("SBC")  
August 2005 through July 2006 Cost Recovery Period**

	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Total
<b>RECO</b>	<b>Actual</b>												
SBC Recoveries	\$196,365	\$186,624	\$247,388	\$319,737									
Prior Period <sup>1</sup>	\$485,104	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$485,104
Program Costs	\$826,390	\$371,246	\$460,388	\$26,042	\$1,003,025	(\$922,095)	\$627,054	\$1,261,133	\$20,146	\$188,080	-\$119,566	\$368,831	\$4,110,675
Total Costs	\$1,311,494	\$371,246	\$460,388			(\$922,095)	\$627,054	\$1,261,133		\$188,080			
Settlement Adjustments (Over)/Under Accrual <sup>2</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$388,401)	(\$388,401)
Total Costs Incl. Adj.	\$1,311,494	\$371,246	\$460,388	\$26,042	\$1,003,025	(\$922,095)	\$627,054	\$1,261,133	\$20,146	\$188,080	(\$119,566)	(\$19,570)	\$4,207,378
Interest - (Over)/Under Recovery	\$1,984	\$2,524	\$3,057	\$2,458	\$3,918	\$1,270	\$1,967	\$4,392	\$3,693	\$3,572	\$2,449	\$1,201	\$32,485
Total Program Costs	\$1,313,478	\$373,770	\$463,445	\$28,500	\$1,006,943	(\$920,825)	\$629,021	\$1,265,525	\$23,839	\$191,652	(\$117,117)	(\$18,369)	\$4,239,863
(Over)/Under Recovery	\$1,117,113	\$187,146	\$216,057	(\$291,237)	\$650,881	(\$1,297,217)	\$299,936	\$942,450	(\$273,854)	(\$107,260)	(\$497,669)	(\$460,815)	\$485,531
Interest Rate (%) <sup>3</sup>	3.61%	3.94%	4.10%	4.09%	4.26%	4.54%	4.61%	4.94	4.91%	5.12%	5.43%	5.38%	

Notes: 1 Under recovery balance for the period August 1, 2004 through July 31, 2005

2 See Exhibit B.

3 See Exhibit C. Calculated on a net-of-tax basis.

**ROCKLAND ELECTRIC COMPANY**

**Determination of Societal Benefits Charge ("SBC") Per Stipulation of Settlement  
in BPU Docket Nos. ET06090630, ET07040244 & ET08040274**

**SBC Projected Program Costs - August ' 08 - July ' 09 <sup>1</sup>**

<u>Month</u>	<u>Projected Program Costs</u>
Aug-07	\$408,379
Sep-07	369,941
Oct-07	316,391
Nov-07	293,750
Dec-07	324,746
Jan-08	331,140
Feb-08	331,709
Mar-08	310,245
Apr-08	279,249
May-08	273,539
Jun-08	299,487
Jul-08	<u>393,857</u>
Total	\$3,932,433

Note: 1 - Rate component of SBC relating to recovery of demand-side management ("DSM") and consumer education costs as described in paragraphs (a) and (b) on Leaf No. 14 of the RECO Schedule for Electric Service, P.U.C. No. 2 - Electricity. Does not include costs associated with USF and Lifeline.

**ROCKLAND ELECTRIC COMPANY**

**Determination of Societal Benefits Charge ("SBC") Per Stipulation**

**Calculation of Compression Adjustment for SBC (\$ per kWh) <sup>1</sup>**

Current SBC effective October 1, 2005, excluding SUT	\$0.002611
Proposed SBC Per Stipulation, excluding SUT & Compression Adj.	\$0.001374
Difference	(\$0.001237)
August 2008 through November 2008 Projected Sales	616,955,000
Four Month (Over)/Under Collection	(\$763,173)
December 2008 through July 2009 Projected Sales	1,117,881,000
Compression Adjustment, excluding SUT	(\$0.000683)
Compression Adjustment, including SUT	(\$0.000731)

Notes: 1 Assumes an SBC effective date of December 1, 2008

**ROCKLAND ELECTRIC COMPANY**  
**Societal Benefits Charge**  
**Cost Adjustments**  
**August 2005 through July 2007**

**Clean Energy****August 2005 through July 2006:**

Spending Per Books	\$2,889,809
July 2006 Accrual Adjustment	(300,166)
Adjusted Spending	<b>\$2,589,643</b>

**August 2006 through July 2007:**

Original Spending	\$3,346,256
Adjustment to Aug 2006 Accrual Reversal	300,166
July 2007 Accrual Adjustment <sup>1</sup>	(902,989)
Adjusted Spending	<b>\$2,743,433</b>

**Legacy Programs****August 2005 through July 2006:**

Original Spending	\$1,221,031
July 2006 Accrual Adjustment – Econoler	(52,280)
July 2006 Accrual Adjustment – SESCO	(35,955)
Adjusted Spending	<b>\$1,132,796</b>

**August 2006 through July 2007:**

Original Spending	\$1,134,622
Reversal of July 2006 Accrual Adjustment – Econoler	52,280
Reversal of July 2006 Accrual Adjustment – SESCO	35,955
July 2007 Accrual Adjustment – Econoler <sup>2</sup>	(55,900)
July 2007 Accrual Adjustment – SESCO <sup>3</sup>	(29,115)
Adjusted Spending	<b>\$1,137,842</b>

<sup>1</sup> In determining spending for the period August 2007 through July 2008, an adjustment has been made to the August 2007 accrual reversal resulting in an increase of \$902,989.

<sup>2</sup> In determining spending for the period August 2007 through July 2008, an adjustment has been made to the August 2007 accrual reversal resulting in an increase of \$55,900.

<sup>3</sup> In determining spending for the period August 2007 through July 2008, an adjustment has been made to the August 2007 accrual reversal resulting in an increase of \$29,115.

**Rockland Electric Company**  
**Interest Rates for SBC Reconciliations - August 2005 - July 2008**

**Per Stipulation of Settlement**  
**in BPU Docket Nos. ET06090630, ET07040244 & ET08040274**

<u>Month Ended</u>	<u>Interest Rate (1)</u>
Aug-05	3.61
Sep-05	3.94
Oct-05	4.10
Nov-05	4.09
Dec-05	4.26
Jan-06	4.54
Feb-06	4.61
Mar-06	4.94
Apr-06	4.91
May-06	5.12
Jun-06	5.43
Jul-06	5.38
Aug-06	5.33
Sep-06	5.47
Oct-06	5.37
Nov-06	5.36
Dec-06	5.41
Jan-07	5.33
Feb-07	5.36
Mar-07	5.52
Apr-07	5.36
May-07	5.38
Jun-07	5.50
Jul-07	5.48
Aug-07	5.95
Sep-07	5.54
Oct-07	5.05
Nov-07	4.97
Dec-07	4.66
Jan-08	3.42
Feb-08	3.57
Mar-08	3.43
Apr-08	2.94
May-08	2.81
Jun-08	2.96
Jul-08	2.69

Source: 1 Federal Reserve Board Overnight A2/P2 Non-financial  
Commercial Paper Interest Rate

**GENERAL INFORMATION**

**No. 29 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:

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

The SBC to be effective on and after the date indicated below shall be set at 0.3450 cents per kWh, including sales and use tax ("SUT"), and including a Reconciliation Component and Temporary Rate Adjustment ("TRA") that shall remain in effect through July 31, 2009. Thereafter, unless changed by an order of the Board, the SBC shall be 0.5137 cents per kWh, including SUT. The SBC includes the following rate components:

	SBC Rate Components (Cents per kWh)		
	Through July 31, 2009		After July 31, 2009
	Excluding SUT	Including SUT	Including SUT
DSM & CEP	0.2267	0.2426	0.2426
Reconciliation	(0.0893)	(0.0956)	-
TRA	(0.0683)	(0.0731)	-
Universal Service Fund	0.1897	0.2030	0.2030
Lifeline	0.0636	0.0681	0.0681
<b>Total SBC</b>	<b>0.3224</b>	<b>0.3450</b>	<b>0.5137</b>

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.

On April 1 of each year, the Company shall file with the Board the SBC rate components listed in (a) and (b) above for inclusion in the SBC effective for the twelve-month period commencing the following August 1. Such rate components shall be set to amortize any over- or under-recovered balances, including interest, calculated as determined by the Board in its Order dated October 21, 2008 in Docket Number ER08060455, and to provide current program cost recovery over the twelve-month period commencing the following August 1.

On July 1 of each year, the Company shall file with the Board the Universal Service Fund and Lifeline rate components for inclusion in the SBC effective for the twelve-month period commencing the following October 1. Such rate components shall be set to recovery any under-recovered balances, including interest, calculated as determined by the Board in its Order dated October 21, 2008 in Docket Number ER08060455, and to provide current program cost recovery over the twelve-month period commencing the following October 1, consistent with the Board's Universal Service Fund and Lifeline directives.

ISSUED:

EFFECTIVE:

ISSUED BY: John D. McMahon, President  
Saddle River, New Jersey 07458