



STATE OF NEW JERSEY
Board of Public Utilities
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Newark, NJ 07102
www.nj.gov/bpu/

DIVISION OF ENERGY

IN THE MATTER OF ROCKLAND ELECTRIC)	ORDER ADOPTING
COMPANY'S ANNUAL SOCIETAL BENEFITS)	STIPULATION
CHARGE FILING)	
)	DOCKET NO. ER09040287
)	DOCKET NO. ER10030242

(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 1, 2009, the Rockland Electric Company ("RECO" or "Company") filed for approval of its annual reconciliation of any over-recovered or under-recovered balances collected through its Societal Benefits Charge ("SBC"), and for approval of the charges to be assessed to cover current program costs. The request for reconciliation review and for recovery of current program costs relate to the Company's demand-side management ("DSM") programs and the programs run by the Board's Office of Clean Energy ("CEP") (collectively, "DSM/CEP"). The matter was assigned Docket No. ER09040287 ("2009 SBC").

During the review process for the 2009 SBC, on March 31, 2010, RECO made its 2010 SBC filing. This filing was assigned Docket No. ER10030242 ("2010 SBC").

This Order resolves RECO's 2009 SBC and the 2010 SBC filings.

BACKGROUND/PROCEDURAL HISTORY

The Company is a wholly-owned subsidiary of Orange and Rockland Utilities, Inc. ("O&R"), a New York utility. O&R 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 Lifeline programs. The SBC also includes a component to refund or recover over- or under-collections based on the prior year's SBC recoveries against actual program costs.

In its 2009 SBC filing, the Company included a request for recovery of current costs and any refund or recovery of prior period over- or under-collection balances relating to RECO's DSM/CEP during the reconciliation period of August 1, 2008 through July 31, 2009. The result of the reconciliation of the 2009 SBC relating to the DSM/CEP was a proposed increase in this rate component of the SBC to 0.5361 cent per kWh from the then currently effective rate of 0.5137 cent per kWh, including sales and use tax ("SUT").

In its 2010 SBC, RECO filed a proposed tariff leaf and supporting workpapers proposing an increase in the rate component of the SBC relating to the DSM/CEP to 0.6385 cent per kWh from the currently effective rate of 0.5015 cent per kWh¹, including SUT. According to the Company, the increase in this rate component was the result of a net under-collection for the period August 1, 2008 through July 31, 2010, and higher projected program costs for the 12 months ending July 31, 2011. These higher projected program costs reflect RECO's Board-approved 2010-2011 Clean Energy Program spending level.

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

After publication of notice in newspapers in general circulation in RECO's service territory, two public hearings were held in Mahwah, New Jersey on September 1, 2010. No members of the public attended the hearings or submitted comments opposing the SBC adjustment.

Representatives of the Company, Staff and the Rate Counsel (collectively, "Parties"), have engaged in substantive 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 September 9, 2010, the Parties entered into the attached Stipulation of Settlement ("Stipulation") resolving all issues in the 2009 and 2010 SBC proceedings.

STIPULATION

The Parties have agreed to the following salient terms:

- 1 The Company shall be allowed to implement an SBC of 0.6644 cent ("Revised SBC") per kWh, including SUT. As stated on Page 1 of Exhibit A attached to the Stipulation, this rate will be effective through July 31, 2011, and reflects the 0.3237 cent per kWh rate component, including SUT, relating to the Company's projected DSM/CEP

¹ Even though the rates in the 2009 filing were not implemented, the starting rate in the 2010 filing differed from the starting rate in the 2009 filing due to adjustments in USF and Lifeline rates which were adopted on a Statewide basis in a separate proceeding and which became effective on October 12, 2009.

expenditures of \$4,756,507 for the period August 1, 2010 through July 31, 2011 ("2010-2011 Recovery Period"); a Reconciliation Adjustment of 0.0492 cent per kWh, relating to the net under-recoveries of previous program years from August 2008 through July 31, 2010; a compression adjustment of 0.0326 cent per kWh, relating to recovery of the net under-collections of prior periods and projected DSM/CEP expenditures over the remaining ten months of the 2010-2011 Recovery Period. As shown on page 2 of Exhibit A, the Reconciliation Adjustment is based on a net under-recovery of \$723,336, including interest, attributable to the period August 1, 2009 through July 31, 2010 ("2009 – 2010 Recovery Period"). The Revised SBC also reflects the current 0.1876 cent per kWh and 0.0713 cent per kWh rate components, including SUT, relating to the Company's USF and Lifeline programs, respectively. The Revised SBC represents an increase of 0.1629 cent per kWh from the current SBC of 0.5015 cent per kWh, including SUT.

2. After July 31, 2011, RECO shall eliminate the Reconciliation Adjustment of 0.0492 cent per kWh and the compression adjustment of 0.0326 cent per kWh, which has been separately stated in the Company's Electric Tariff as Temporary Rate Adjustment ("TRA").
3. In accordance with 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.
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 B attached to the Stipulation (reflecting the Effective Date) approved by Signatory Parties in this Stipulation, as soon as possible.

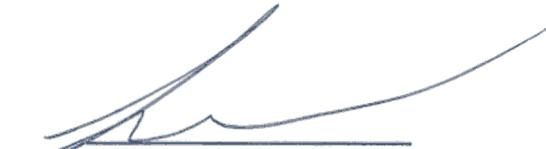
DISCUSSION AND FINDINGS

The Board has carefully reviewed the record in these matters. Accordingly, the Board 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 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 less than 1% increase on a monthly basis.

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 the Board audit, shall be implemented for service rendered on the first day of the month following the date of this Board Order.

DATED 9/16/10

BOARD OF PUBLIC UTILITIES
BY:



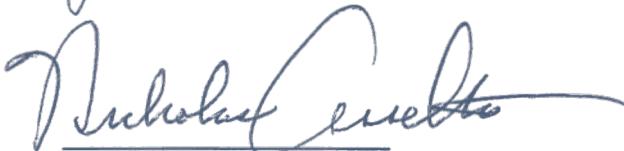
LEE A. SOLOMON
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COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER

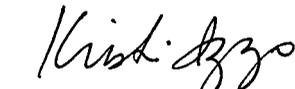


NICHOLAS ASSELTA
COMMISSIONER



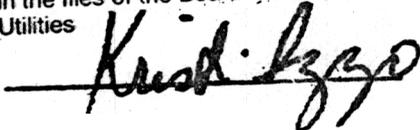
ELIZABETH RANDALL
COMMISSIONER

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



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SOCIETAL BENEFITS CHARGE FILING**
Docket Nos. ER09040287, ER10030242

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