



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
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ENERGY

IN THE MATTER OF THE VERIFIED PETITION)	DECISION AND ORDER
OF ROCKLAND ELECTRIC COMPANY FOR)	APPROVING STIPULATION
APPROVAL OF CHANGES IN ELECTRIC RATES,)	AND ADOPTING INITIAL
ITS TARIFF FOR ELECTRIC SERVICES, ITS)	DECISION
DEPRECIATION RATES, AND FOR OTHER RELIEF)	DOCKET No. ER06060483

(SERVICE LIST ATTACHED)

BY THE BOARD¹:

On June 30, 2006 Rockland Electric Company (“RECO” or “Company”) filed a Verified Petition (“Petition”) with the New Jersey Board of Public Utilities (“Board”) seeking an increase in RECO’s base electric distribution rates and charges and changes to certain electric and general plant depreciation rates, and various tariffs. The Company’s filing consisted of the Petition, Exhibits to the Petition, various schedules, and prefiled direct testimony.

The Petition stated that the increased distribution rates and charges in the Company’s proposed tariff are designed to produce additional revenues of \$13.2 million, or a 7.5% increase based on total revenues calculated using current rates and the Company’s projected sales for the twelve months ended December 31, 2006, subject to increase or decrease upon the Company’s filing of updated information.

The Company’s Petition was transmitted to the Office of Administrative Law for evidentiary hearings and assigned to the Honorable Diana Sukovich, Administrative Law Judge (“ALJ”). ALJ Sukovich held an in-person Prehearing Conference on October 12, 2006 and established a procedural schedule including evidentiary hearings from January 3 through January 12, 2007.

Following the filing of the Company’s Petition, the New Jersey Department of the Public Advocate, Division of Rate Counsel (“Rate Counsel”) and Staff of the Board of Public Utilities (“Staff”) (collectively referred to herein as the “Parties”) engaged in extensive discovery over several months.

Direct Testimony was filed by the Company. Rate Counsel also filed direct testimony as well as

¹Due to a potential conflict of interest, Commissioner Christine V. Bator did not participate in the vote or deliberations in this matter.

presented oral sur-rebuttal at the evidentiary hearing. Rate Counsel filed its Direct Testimony on November 14, 2006. On December 14, 2006, the Company filed its Rebuttal Testimony. Staff, Rate Counsel and the Company propounded interrogatories and document requests in reply to the direct and rebuttal testimonies presented in this proceeding and all responses were served.

After proper notice to Municipal Clerks and County Executive Directors and public advertisement in a newspaper with circulation in the Company's service territory, public hearings on RECO's proposed distribution base rate increases were held on December 18, 2006 (evening), in Ramsey, New Jersey, and February 23, 2006 (afternoon) in Alpine, New Jersey. No customers appeared at the hearings or submitted comments opposing the proposed increase.

ALJ Sukovich presided over evidentiary hearings on January 4, 5, 9, 10, and 11, 2007. At those hearings Rate Counsel and the Company presented their filed witnesses testimonies. Rate Counsel witnesses were permitted to provide oral surrebuttal testimony, and all witnesses were made available for cross-examination by Rate Counsel, Staff and the Company.

Following the evidentiary hearings, the Parties held in-person settlement conferences on January 23, 26, and 30, 2007, and held several additional telephone settlement conferences. During those conferences, the Parties engaged in discussions to address issues raised by the Company, Staff and Rate Counsel and to attempt to settle and resolve this matter. In doing so, the Parties reviewed the discovery, the detailed testimony, the evidentiary record and information exchanged during the period of the settlement discussions.

On February 7, 2007, the Company filed and served upon Rate Counsel and Staff an update reflecting twelve months ("12+0 Update") of actual data through December 31, 2006 and certain adjustments the Company agreed to at the evidentiary hearings and in its pre-filed testimony. The 12+0 Update supported a proposed increase to annual revenues amounting to \$12.341 million, or a 7.2% increase on a total revenue basis.

Given the completeness of the record and the intention of the Parties to reasonably, fully and finally resolve this matter, the Parties, executed a Stipulation of Settlement on March 8, 2007.

STIPULATION

The key provisions of the Settlement are set forth below:²

- 1 Distribution Revenue Requirement And Rate Adjustment. The Parties agree that it is appropriate to provide RECO, and RECO shall be provided, an addition to annual distribution revenues of \$6.4 million, which equates to an increase in overall revenues of 3.4%, for service rendered on and after the Effective Date. The Parties agree that, based on adjusted test year actual data, RECO's rates will be just and reasonable after they are adjusted to generate an additional \$6.4 million in annual distribution revenues, and will provide a level of revenues necessary to ensure that the Company can continue to provide safe, adequate and proper service.

² *The Cited paragraphs referenced herein are in the settlement documents. This is only a summary; the full settlement document controls, subject to the Board's findings and conclusions contained herein.*

2. Effective Date. The Parties agree that the revenue recovery and rates set forth in the Stipulation shall become effective for service rendered on and after April 1, 2007 or as soon as practicable after the Board's issuance of a written Order approving this Stipulation, whichever is later (the "Effective Date").
3. Rate of Return. The Parties agree that an appropriate return on common equity for this Settlement is 9.75%. The appropriate overall rate of return for the Settlement based upon a return on common equity of 9.75% is 7.83%. The Parties agree that the capital structure for this Settlement is 49.19% long-term debt, 4.30% short term debt and 46.51% common equity. The capitalization producing the overall rate of return is set forth in Schedule A attached to the Stipulation.
4. Test Year. The Parties agree that the proper test year for establishing rates is the 12 month period ended December 31, 2006.
5. Determination of Revenue Requirement. The determination of the stipulated revenue requirement is reflected on attached Schedule A to the Stipulation. The revenue requirement is based on a stipulated distribution rate base of \$131.0 million as of December 31, 2006 and a rate of return of 7.83%, producing required operating income of \$10.3 million. The Parties agree that current rates produce test year operating income of \$6.5 million, leaving a revenue deficiency of \$3.8 million. Dividing the deficiency by the revenue retention factor of 59.08% results in the required revenue increase of \$6.4 million. Based on their review of the evidentiary record, the Parties agree that an increase in annual distribution revenues of \$6.4 million is a proper result that produces just and reasonable rates. Settlement adjustments to the Company's 12+0 Update filing to achieve the stipulated revenue requirement are set forth in Schedule B attached to the Stipulation.
6. Rates/Tariff. The Parties agree that Schedule C to the Stipulation summarizes the revised electric distribution rates to be implemented on the Effective Date. The Parties agree that the revised Tariff leaves attached as Schedule D to the Stipulation implement the terms of the Settlement regarding revenue requirements and rates and should be approved by the ALJ and Board in their entirety as part of their approval of this Stipulation. The Tariff leaves shall become effective on the Effective Date. The Parties agree that Schedule E, Proof of Revenues, attached to the Stipulation, demonstrates that the rates to be implemented by RECO on the Effective Date are designed to produce an additional \$6.4 million in revenues.
7. The stipulated revenue increase has been applied in accordance with paragraphs 7, 8 and 9 of the Stipulation to generate the rates set forth in Schedules C and D attached to the Stipulation. The revenue increase has been allocated on an interclass basis in a two-step process. The parties agreed to an 11.25% increase in combined overall revenues to the SC No. 4 and SC No. 6 classes. This includes adjustments to address revenue deficiencies in SC No. 4 and the Dusk to Dawn subclass of SC No. 6 ("SC No. 6 Dusk to Dawn"). The Company will make a proposal to further reduce the deficiencies in these two classes in its next distribution base rate case. The remaining distribution revenue increase was allocated to all service classifications, excluding SC No. 4 and SC No. 6 Dusk to Dawn, on a uniform percentage basis.

8. The revenue increases for each service classification were allocated on an intraclass basis as follows. (a) For the Residential Service Class (SC No. 1) and the Residential Time of Day Service with Space and/or Water Heating Class (SC No. 3), the distribution rates within each class were developed by applying uniform percentage increases, specific to each class, to all rates other than customer charges. SC Nos. 1 and 3 customer charges have not changed. A typical residential customer using 925 kWh per month will receive an annualized monthly increase of approximately \$4.10 or 3.2% on a total revenue basis. (b) For the General Service Class and Large General Time of Day Class (SC Nos. 2 and 7, respectively), the distribution rates within each class were developed by applying uniform percentage increases, specific to each class, to all rates including customer charges. (c) For the Residential Space Heating Service Class (SC No. 5), an adjustment was first made to equalize the winter tail block rate (for usage in excess of 700 kWh per month) for the customers that were connected prior to April 24, 1992 and "grandfathered" in BPU Docket No. ER91030356J with the winter tail block rate for customers connected on and after April 24, 1992. This adjustment completes the gradual elimination of the winter tail block rate differential between grandfathered and non-grandfathered customers that the Board commenced by eliminating 40% of the differential in its Order dated April 20, 2004 in BPU Docket No. ER02100724 and continued with the elimination of 35% of the remaining differential in its Order dated July 23, 2004 in Phase II of that docket. The adjustment limits the winter bill impact for large, grandfathered customers to approximately 1.6 times the overall average increase for the class. After accounting for the revenue impact of the foregoing, the remainder of the SC No. 5 revenue increase was applied on a uniform percentage basis to all rates other than the customer charge. The SC No. 5 customer charge has not changed. (d) For Private Overhead Lighting (SC No. 6), the revenue increase was applied separately to the Dusk to Dawn and Energy Only subclasses. Distribution rates in the Energy Only subclass were developed by applying a uniform percentage increase, specific to this subclass, to all rates including customer charges.
9. The Parties agree that, after increasing the General Service SC No. 2 distribution rates as described above, the Company shall, on a revenue neutral basis, (a) reduce the differential between the first and second blocks during the summer season to one cent (excluding sales and use tax); and (b) equalize the summer and winter second block distribution usage rates.
10. The Parties agree that it is appropriate for the Company to make all the other Tariff changes (including regarding implementation of a re-inspection fee) set forth in the direct testimony of William A. Atzl, Jr. and in the Tariff leaves annexed as Exhibit A to the Company's Petition. Specifically, the Company shall change General Information Section 15A, "Extension of Lines and Facilities - Appendix A," to reflect the cost methodology adopted in N.J.A.C. 14:3-8, to update unit charges to reflect current costs, and to eliminate additional charges on Leaf Nos. 9 and 9A, except the charges for blasting and jack hammering, which have been retained and moved to leaf No. 9B. These charges have been changed to "Actual Low Bid" rather than specific per foot charges. With regard to General information Section No. 6A, Budget Billing, the Company shall establish a customer specific budget year beginning with the billing month in which the customer initially enrolled in budget billing. With regard to Street Lighting, specifically Service Classifications Nos. 4 and 6, the Company's lighting provisions, the Company, among other changes, shall

eliminate references to laminated wood and aluminum poles for use in underground electric systems but will continue to provide lighting service to those customers with existing laminated wood and aluminum poles. The Company has also agreed to modify the original proposed language that would have given the Company "sole discretion" with regard to the final location of a street light, to "sole reasonable discretion." The Company shall also implement a re-inspection fee of \$48.63 as part of General Information Section No. 19, "Wiring, Apparatus and Inspection." The re-inspection fee shall apply after a Company inspector (1) makes an initial free inspection of the installation by an applicant for new electric service or electric service conversion that does not comply with the Company's specifications for electric installations and (2) must return at a later date or dates for a re-inspection after the applicant has taken corrective action. In addition to the Tariff changes set forth in Mr. Atzl's testimony and Exhibit A to the Petition and summarized above, the Company further agrees that, where the Tariff references a service classification at the top of a tariff leaf, a description of that service class shall be provided in the leaf. The Parties agree that the provisions of this paragraph are reflected in the Tariff leaves attached in Schedule D to the Stipulation.

11. The Parties recommend that the ALJ and the Board approve the Tariff leaves annexed to the Stipulation as Schedule D in their entirety as part of the approval of this Stipulation. Upon approval of the Stipulation by the Board and the Board's issuance of a written Order, the Company will file, for Board Staff's and Rate Counsel's review, compliance Tariff leaves consistent with Schedule D showing the issued and effective dates to implement the terms of this Stipulation and the Board's written Order.
12. Pension and OPEB Reports. The Company agrees to provide Staff and Rate Counsel with copies of the most recent pension and retiree welfare ("OPEB") Actuarial Valuation Reports developed by its actuary Buck Consultants. These reports include the detailed accounting information used by the Company for financial reporting and detail concerning the actuarial assumptions and methods employed. Additionally, the Company will provide a table showing how the calculation of the annual "unrecognized net loss/gain" element of the periodic pension and OPEB expense was developed.
13. Schedules. All schedules referenced in and attached to this Stipulation are incorporated by reference herein as if set forth in the body of the Stipulation.
14. Duration of Base Rates. The electric base distribution rates set forth in the Stipulation will remain in effect until at least April 1, 2010. In the event that the Company's financial position deteriorates to the extent that it imminently endangers the Company's ability to provide safe, adequate and reliable electric utility service, as a result of emergent circumstances beyond the Company's control, the Company has the right to seek appropriate rate relief with new base rates effective prior to April 1, 2010.
15. Depreciation Rates. RECO will maintain its existing depreciation rates for electric distribution and general plant as shown on Schedule F attached to the Stipulation.
16. Net Salvage. From August 2003 through July 31, 2006, RECO incurred actual net salvage costs (i.e., costs of removal) of \$1,383,439, which exceeded by \$933,439

(the "Net Salvage Deficiency") the Company's net salvage allowance for that period of \$450,000 based on an annual allowance of \$150,000. The Parties agree that RECO shall annually recover \$147,385 of the Net Salvage Deficiency based on a 76-month amortization from the Effective Date through July 2013. The 76-month amortization results when the Salvage Deficiency is applied as an offset to the remaining balance of an amount that the Board established in BPU Docket No. ER02100724 (representing costs of removal previously collected in depreciation rates) and required to be amortized back to ratepayers via an amortization that runs until July 31, 2013. The Parties also agree that the rates established in this Stipulation reflect a going forward annual net salvage allowance of \$365,000. The Parties recommend that the Board continue, and agree that the Board's approval of this Stipulation will continue the policy to allow full recovery of and make the Company whole for its actual and prudently incurred net salvage costs that exceed its net salvage allowance.

17. Storm Reserve. From August 1, 2003 through July 31, 2006, RECO incurred extraordinary storm damage costs of approximately \$605,274 which exceeded by \$44,275 (the "Storm Reserve Deficiency") the Company's storm reserve allowance for that period of \$561,000 based on an annual allowance of \$187,000. The Parties agree that RECO shall annually recover \$11,069 of the Storm Reserve Deficiency based on a four-year amortization. The Parties agree that the rates established in this Stipulation include annual funding for the storm reserve of \$202,000.
18. Existing Deferred Costs. The deferred costs for which recovery was permitted in BPU Docket No. ER02100724 (i.e., Competitive Services Audit, Management Audit Costs, System Reliability Audit, and Ramapo Property Tax refunds) have an unamortized balance of \$97,000 as of March 31, 2007. This amount will be amortized over four years at the rate of \$24,250 per year.
19. Next Base Rate Filing. At the time the Company files its next electric base rate case petition, the Company agrees to provide to the Parties a cost of service study ("COSS") using the Average and Peak methodology reflected in the response to Interrogatory S-RD 44 (Exhibit S-1 in evidence) for electric distribution (the "A&P COSS") without endorsing that methodology or supporting the A&P COSS results or any rate design based thereon. More specifically, in the A&P COSS, the Company will allocate to each rate class, the portion of the distribution plant investment equal to the classes' voltage specific load factor, on each class' relative average demand (energy) at that voltage and the remaining portion on class share of voltage specific Non-Coincident Peak demands. In the A&P COSS, the Company will:
 - a. separate those costs allocated on class' energy and demand responsibilities explicitly to the energy and demand functions respectively;
 - b. allocate 50% of the overhead (OH) and Underground (UG) Services costs to all rate classes based on their demand responsibilities and 50% based on the energy consumption and classify the resulting allocation to the customer function;
 - c. classify accounts 901, 904, 905, and 907 through 917 to the revenue and energy functions (not customer) depending on whether these costs are allocated on revenue or energy basis;

- d. specify for all rate classes how proposed customer, demand and energy charges are determined;
- e. perform a rate design that allocates the requested revenue change in accordance with the classes' cost responsibilities;
- f. provide total company and class specific load and consumption data utilized in the A&P COSS.

The Company and any Party to this Stipulation reserve and retain the right to oppose the methodology or results of the A&P COSS or any rate design based thereon, and to file and support a COSS and/or rate design utilizing any methodology they consider appropriate.

At the time the Company files its next electric base rate case petition, the Company also agrees to provide to the Parties updated consolidated tax information in the form presented in the December 19, 2006 response to Staff interrogatory S-SREV-117a-c without endorsing or supporting any consolidated tax adjustment to rates. The Company and any Party to this Stipulation reserve and retain the right to file and support any consolidated tax adjustment or method they consider appropriate, if any, or to oppose any consolidated tax adjustment or method proposed by any other Party.

The Company agrees that its next base rate case filing will include a minimum of six months actual test year data.

20. Smart Grid. RECO, in its reasonable discretion and judgment, will continue to implement Smart Grid technology where cost effective and otherwise appropriate in the operation of its utility system. Smart Grid technology includes the use of advanced sensing and control technologies to improve reliability of the electric transmission and distribution system, and the Company's current plans reflect the use of those technologies. Implementation of Smart Grid technology in addition to that reflected in the Company's current plans will be undertaken by the Company, if and to the extent the Company determines it is appropriate in the operation, planning, and expansion of its utility system.
21. RECO and Orange and Rockland Utilities, Inc. ("O&R") Joint Operating Agreement. Within six months from the date of the Board Order approving this Stipulation, the Parties have agreed to commence a review of the Joint Operating Agreement ("JOA") between RECO and O&R. Specifically, the Parties will review, on a prospective basis, the reasonableness of the services provided by O&R to RECO pursuant to the JOA, the level of costs for these services, and the functions and allocation formulas under the JOA. The Parties agree that prospective changes to the JOA, if any, shall not be implemented in rates until rates are fixed in RECO's next distribution base rate case.
22. A/C Cycling. RECO does not currently have a voluntary customer demand response program to reduce load during summer electricity peak use periods by cycling central air conditioning units of participating residential customers in return for certain customer incentives (commonly known and referred to herein as an Air Conditioning Cycling ("A/C Cycling") program). In consideration of the

other agreements in this Stipulation, RECO has agreed to work collaboratively with Staff and Rate Counsel to address the development and implementation of an A/C Cycling Program that would be appropriate for RECO's service territory or parts thereof as well to discuss potential revenue neutral alternative rate design initiatives intended to encourage conservation for large residential energy users. By way of example of a potential revenue neutral rate design initiative, the parties may discuss the development of an additional summer inverted rate block for large residential energy users. As part of the A/C Cycling collaborative undertaking, RECO agrees to contact the other New Jersey Electric Distribution Companies ("EDCs") regarding RECO's potential participation in the remainder of the ongoing RFP A/C Cycling process, and to consider the final recommendations resulting from the ongoing RFP process in connection with any A/C Cycling program that would be developed by RECO. Although the Parties recognize Staff's preference for program consistency among various utilities, the Parties acknowledge that, because RECO does not currently have an A/C Cycling program and has a service territory in two control areas (i.e., the NYISO and PJM) and with other particular factors, there may be unique considerations (including regarding the costs, benefits, and incentives of any program) that will need to be evaluated in connection with the timing, development and implementation of a RECO A/C Cycling Program. The Parties agree that the reasonable costs of RECO's participation in any collaborative or RFP process and the development and implementation of an A/C Cycling program (collectively "A/C Cycling Program Costs") shall be recovered through a System Control Charge ("SCC") or other successor or similar non-bypassable non-base rate mechanism established by the Board, with the understanding that the recovery of RECO's actual A/C Cycling Program Costs is ultimately subject to Board approval.

23. Elimination of RECO's Curtailment Program. The Board in its July 22, 2002 Final Decision and Order in BPU Docket Nos. EO97070464, EO97070465, EO97070466 ("Restructuring Order") at page 70 found and directed that "RECO's curtailable load program will be discontinued effective August 1, 1999, after which no new customers will be enrolled. Existing contracts will not be renewed as they expire." Pursuant to the Restructuring Order, RECO eliminated that curtailable load program and all contracts expired in 2003. As part of the A/C Cycling collaborative addressed in paragraph 22 but separate and specific to RECO, the Parties will discuss whether to make any recommendations to the Board with regard to a prospective curtailable load program for RECO. The Parties agree that the reasonable costs incurred by RECO for development and implementation of any curtailable load program shall be recovered through an appropriate non-bypassable rate mechanism ("Mechanism") established by the Board, with the understanding that the recovery of RECO's actual curtailable load program costs is ultimately subject to Board approval. The Parties reserve their rights to address, in RECO's next base rate proceeding, whether the Mechanism or an alternative method, including but not limited to base rates, should be utilized as the recovery method for such costs.

INITIAL DECISION

On March 8, 2007, ALJ Diana Sukovich issued her Initial Decision in the proceeding. ALJ

Sukovich found that the signatory parties to the Stipulation voluntarily agreed to a Stipulation in this matter and that the Stipulation fully disposes of all issues in controversy and is consistent with the law. No exceptions or reply exceptions were filed.

DISCUSSION AND FINDINGS

Based on the Board's careful review and consideration of the extensive record in this proceeding, including evidentiary hearings, the Board HEREBY ADOPTS ALJ Sukovich's Initial Decision and the Stipulation of Settlement of the Parties as its own, as if fully set forth herein, effective April 1, 2007. The Board HEREBY FINDS the Initial Decision and Stipulation of Settlement to be reasonable, in the public interest and in accordance with the law. As a result of the Stipulation as adopted herein, a typical RECO residential customer consuming 925 kWh of electricity in a month will have an average monthly increase of \$4.10 or 3.2% compared to current rates.

The Board notes that in paragraph 21 of the Stipulation, the Parties provide for a review of the RECO and Orange and Rockland Utilities, Inc. Joint Operating Agreement ("JOA"). The Board clarifies that nothing in paragraph 21 precludes the Board from taking any action that the Board determines to be appropriate as a result of the review of the JOA.

The Company is HEREBY DIRECTED to file the appropriate tariff sheets upon approval of the Stipulation by the Board and the Board's issuance of a written order.

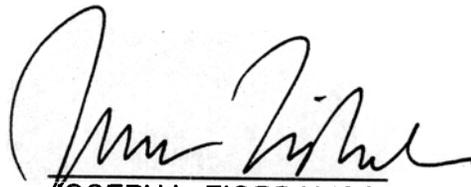
DATED: 3/22/07

BOARD OF PUBLIC UTILITIES
BY:

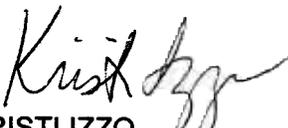

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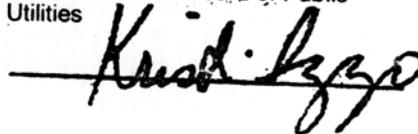

CONNIE O. HUGHES
COMMISSIONER


JOSEPH L. FIORDALISO
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



Dated: October 16, 2006

**I/M/O Verified Petition of Rockland Electric Company
For Approval of Changes in Electric Rates, Its Tariff
For Electric Services, Its Depreciation Rates, And for Other Relief
BPU Docket No. ER06060483**

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INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 09134-06

AGENCY DKT. NO. ER06060

BOARD OF PUBLIC UTILITIES
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**I/M/O THE PETITION OF ROCKLAND ELECTRIC COMPANY
FOR APPROVAL OF CHANGES IN ITS ELECTRIC RATES,
TARIFF, DEPRECIATION RATES, AND OTHER RELIEF**

James C. Meyer, Esq., for Rockland Electric Company, petitioner
(Riker, Danzig, Scherer, Hyland & Perretti LLP, attorneys)

John L. Carley, Assistant General Counsel, appearing pro hoc vice,
for Rockland Electric Company, petitioner

Diane Schultze, Assistant Deputy Public Advocate, **Badrhn M. Ubushin**,
Assistant Deputy Public Advocate, and **Ami Morita**, Assistant Deputy
Public Advocate, for the Division of Rate Counsel, intervenor
(Seema M. Singh, Director, attorney)

Suzana Loncar, Deputy Attorney General, for the Staff of the Board
of Public Utilities
(Stuart Rabner, Attorney General of New Jersey, attorney)

Record Closed: March 8, 2007

Decided: March 8, 2007

BEFORE: **DIANA C. SUKOVICH, ALJ:**

On June 30, 2006, Rockland Electric Company (petitioner) filed a petition with the Board of Public Utilities (BPU) for approval of changes in certain rates and tariff provisions. The BPU transmitted the matter to the Office of Administrative Law on August 9, 2006 for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to -13.

In addition to petitioner, the Division of Rate Counsel, State Department of the Public Advocate, and the Staff of the BPU were parties in the proceedings. Telephone and in-person conferences were conducted throughout the proceedings. Public hearings were conducted on December 18, 2006 in Ramsey, New Jersey, and on February 23, 2007 in Alpine, New Jersey. No members of the public attended the hearings, nor submitted comments regarding the matter. Evidentiary hearings were conducted on January 4, 5, 9, 10, and 11, 2007. At the requests of the parties, the deadlines for the filing of post-hearing briefs were extended because of ongoing settlement discussions. An executed Stipulation of Settlement and supporting documents (Stipulation) were filed on March 8, 2007, on which date the record was closed. Attached herewith is a copy of the Stipulation. The parties are to be commended for their professionalism and efforts throughout the proceedings.

I **FIND** that the parties have voluntarily agreed to the Stipulation, as evidenced by their signatures, or the signatures of their representatives, and that the Stipulation fully disposes of all issues in controversy and is consistent with the law.

Therefore, I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and that it should be approved. Accordingly, it is **ORDERED** that the parties comply with the terms of the Stipulation and that the proceedings in this matter be concluded.

hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days, and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

March 5, 2007
DATE

Diana C. Sukovich
DIANA C. SUKOVICH, ALJ

Receipt Acknowledged:

March 12, 2007
DATE

Regina Carlson
BOARD OF PUBLIC UTILITIES

Mailed to Parties:

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I/M/O THE VERIFIED PETITION OF :
ROCKLAND ELECTRIC COMPANY FOR :
APPROVAL OF CHANGES IN ELECTRIC : BPU Docket No. ER06060483
RATES, ITS TARIFF FOR ELECTRIC : OAL Docket No. PUC 09134-2006N
SERVICES, ITS DEPRECIATION RATES, :
AND FOR OTHER RELIEF :
:
:
:
:

STIPULATION OF SETTLEMENT

THIS STIPULATION OF SETTLEMENT (“Stipulation” or “Settlement”) is made as of this 8th day of March 2007, by and among Rockland Electric Company (“RECO” or the “Company”), the New Jersey Department of the Public Advocate, Division of Rate Counsel (“Rate Counsel”) and Staff of the Board of Public Utilities (“Staff”) (collectively referred to herein as the “Parties”).

On June 30, 2006, RECO filed a Verified Petition (“Petition”) in the proceeding captioned above in BPU Docket No. ER06060483. The Petition requested, inter alia, an increase in RECO’s base electric distribution rates and charges, changes to certain electric and general plant depreciation rates, and various tariff changes. The Company’s filing consisted of the Petition, Exhibits to the Petition, various schedules, and prefiled direct testimony. The Exhibits to the Petition included proposed revised tariff leaves, present and proposed rates and a statement of revenues. The schedules to the Petition included the following Exhibits: P-1 (Historical Financial Statements); P-2 (Electric Cost of Service); P-3 (Electric Rate Base); P-4 (Capitalization and Cost of Capital); P-5 (Present and Proposed Electric Rate Design); P-6 (Depreciation Study); and P-7 (Embedded Cost of Service Study). The schedules employed a

test year ended December 31, 2006 and reflected four months of actual and eight months of projected data.

With the Petition, the Company filed the testimony of eight witnesses. Richard Kane, Department Manager of Regulatory Filings, presented the Company's revenue requirements, costs of service including employee benefits, and rate base including working capital requirements based on a lead-lag study. John Perkins, Director, Corporate Finance, presented the Company's capital structure, and Robert Rosenberg, of Edgewood Consulting, Inc. addressed the Company's cost of capital. Angelo Regan, Director of Electrical Engineering, presented the Company's plant additions and proposed Incremental Reliability Programs and a Smart Grid pilot. Kenneth Kosior, Director- Financial Services, discussed the Company's wages. Charles Hutcheson, Manager, Property Tax and Depreciation, presented the Company's depreciation study and proposed net salvage allowance. Lucy Villeta, Section Manager of the Cost Analysis Section of the Rate Engineering Department, sponsored the electric cost of service study. William A. Atzl, Jr., Director-Rates, addressed rate design for electric distribution rates, the impact of the proposed rate changes on customers' bills, and various tariff revisions.

The revised tariff leaves filed by the Company proposed to adjust the Company's rates and charges for sales of electricity to residential customers (Service Classification ("SC") Nos. 1 and 3 and 5), general service customers (SC Nos. 2 and 7), street lighting customers (SC No. 4) and private area lighting customers (SC No. 6). The proposed tariff revisions also addressed line extensions, general information, budget billing, lighting service classifications, and the imposition of a re-inspection fee.

The Petition stated that the increased distribution rates and charges in the Company's proposed tariff are designed to produce additional revenues of \$13.2 million, or a

7.5% increase based on total revenues calculated using current rates and the Company's projected sales for the twelve months ended December 31, 2006, subject to increase or decrease upon the Company's filing of updated information. The Company submitted to the Parties updated Exhibits P-2, P-3, and P-4, reflecting nine months of actual data through September 2006 ("9+3 Update") on November 8, 2006, and revised 9+3 Update Exhibits P-2 and P-3 on November 20, 2006 ("Revised 9+3 Update"). The Revised 9+3 Update set forth a revenue deficiency of \$13.676 million, or a 7.7% increase on a total revenue basis. On February 7, 2007, the Company filed and served upon the Parties an update reflecting twelve months of actual information through December 31, 2006 and certain adjustments the Company agreed to at the evidentiary hearings ("12+0 Update") and in its prefiled testimony. The 12+0 Update sets forth a revenue deficiency of \$12.341 million, or a 7.2% increase on a total revenue basis.

The Company's Petition was transmitted to the Office of Administrative Law for evidentiary hearings and assigned to the Honorable Diana Sukovich, Administrative Law Judge ("ALJ"). ALJ Sukovich held an in-person Prehearing Conference on October 12, 2006 and established a procedural schedule including evidentiary hearings from January 3 through January 12, 2007. The Company, Staff and Rate Counsel were the only parties to this proceeding; there were no intervenor parties nor were any motions to intervene filed.

Following the filing of the Company's Petition, Rate Counsel and Staff engaged in extensive discovery over several months.

In addition, Rate Counsel engaged consultants that reviewed RECO's filing, including updates. On November 14, 2006, Rate Counsel filed the testimony of four witnesses. David Peterson, of Chesapeake Regulatory Consultants, Inc., addressed the Company's distribution rate base, operating income, revenue requirements, cost of service study and rate

design. Peter Lanzalotta, of Lanzalotta & Associates LLC, addressed the Company's capital additions, system reliability, and proposed reliability programs. Michael J. Majoros, of Snavely King Majoros O'Connor & Lee, Inc. addressed depreciation and net salvage. Matthew Kahal addressed capital structure and the rate of return. RECO propounded interrogatories and document requests upon Rate Counsel, and Rate Counsel served responses regarding Rate Counsel's witness testimony.

On December 14, 2006, RECO filed the rebuttal testimony of Messrs. Kane, Perkins, Rosenberg, Regan, and Hutcheson. In addition, RECO filed the rebuttal testimony of Nicholas Illobre, Director, Human Resources Support, regarding management wages and annual incentive plan. Rate Counsel and Staff propounded interrogatories and document requests, and the Company served responses regarding the Company's rebuttal testimony.

After proper notice to Municipal Clerks and County Executive Directors and public advertisement in a newspaper with circulation in the Company's service territory, public hearings on RECO's proposed distribution base rate increase were held on December 18, 2006 (evening), in Ramsey, New Jersey, and February 23, 2006 (afternoon) in Alpine, New Jersey. No customers appeared at the hearings or submitted comments regarding the proposed increase.

ALJ Sukovich presided over evidentiary hearings on January 4, 5, 9, 10, and 11, 2007. At those hearings, Rate Counsel and the Company presented their filed witnesses testimony. Rate Counsel witnesses were permitted to provide oral surrebuttal testimony, and all witnesses were made available for cross-examination by Rate Counsel, the Company and Staff, respectively. In total, over 90 exhibits were entered into the record by the Company, Rate Counsel and Staff. The transcripts of the hearings comprise over 550 pages.

Following the evidentiary hearings, the Parties held in-person settlement conferences on January 23, 26, and 30, 2007, and held several additional telephone settlement conferences. During those conferences, the Parties engaged in discussions to address issues raised by the Company, Staff and Rate Counsel and to attempt to settle and resolve this matter. In doing so, the Parties reviewed the discovery, the detailed testimony, the evidentiary record and information exchanged during the period of the settlement discussions.

Given the completeness of the record and the intention of the Parties to reasonably, fully and finally resolve this matter, and in consideration of the recitals and mutual promises and covenants set forth herein, the Parties, having given due consideration to evidentiary record and information exchanged and the various issues addressed therein, DO HEREBY STIPULATE AND AGREE AS FOLLOWS:

1. Distribution Revenue Requirement And Rate Adjustment. It is appropriate to provide RECO, and RECO shall be provided, an addition to annual distribution revenues of \$6.4 million, which equates to an increase in overall revenues of 3.4%, for service rendered on and after the Effective Date. The Parties agree that, based on adjusted test year actual data, RECO's rates will be just and reasonable after they are adjusted to generate an additional \$6.4 million in annual distribution revenues, and will provide a level of revenues necessary to ensure that the Company can continue to provide safe, adequate and proper service.

2. Effective Date. The Parties agree that the revenue recovery and rates set forth herein shall become effective for service rendered on and after April 1, 2007 or as soon as practicable after the Board's issuance of a written Order approving this Stipulation, whichever is later (the "Effective Date").

3. Rate of Return. The Parties agree that an appropriate return on common equity for this Settlement is 9.75%. The appropriate overall rate of return for this Settlement based upon a return on common equity of 9.75% is 7.83%. The Parties agree that the capital structure for this Settlement is 49.19% long-term debt, 4.30% short term debt and 46.51% common equity. The capitalization producing the overall rate of return is set forth in Schedule A attached hereto.

4. Test Year. The Parties agree that the proper test year for establishing rates is the 12 month period ended December 31, 2006.

5. Determination of Revenue Requirement. The determination of the stipulated revenue requirement is reflected on attached Schedule A. The revenue requirement is based on a stipulated distribution rate base of \$131.0 million as of December 31, 2006 and a rate of return of 7.83%, producing required operating income of \$10.3 million. The Parties agree that current rates produce test year operating income of \$6.5 million, leaving a revenue deficiency of \$3.8 million. Dividing the deficiency by the revenue retention factor of 59.08% results in the required revenue increase of \$6.4 million. Based on their review of the evidentiary record, the Parties agree that an increase in annual distribution revenues of \$6.4 million is a proper result that produces just and reasonable rates. Settlement adjustments to the Company's 12+0 Update filing to achieve the stipulated revenue requirement are set forth in Schedule B.

6. Rates/Tariff. The Parties agree that Schedule C summarizes the revised electric distribution rates to be implemented on the Effective Date. The Parties agree that the revised Tariff leaves attached hereto as Schedule D implement the terms of this Settlement regarding revenue requirements and rates and should be approved by the ALJ and Board in their entirety as part of their approval of this Stipulation. The Tariff leaves shall become effective on

the Effective Date. The Parties agree that Schedule E, Proof of Revenues, attached hereto, demonstrates that the rates to be implemented by RECO on the Effective Date are designed to produce an additional \$6.4 million in revenues.

7. The stipulated revenue increase has been applied in accordance with paragraphs 7, 8 and 9 of this Stipulation to generate the rates set forth in Schedules C and D. The revenue increase has been allocated on an interclass basis in a two-step process. The parties agreed to an 11.25% increase in combined overall revenues to the SC No. 4 and SC No. 6 classes. This includes adjustments to address revenue deficiencies in SC No. 4 and the Dusk to Dawn subclass of SC No. 6 ("SC No. 6 Dusk to Dawn"). The Company will make a proposal to further reduce the deficiencies in these two classes in its next distribution base rate case. The remaining distribution revenue increase was allocated to all service classifications, excluding SC No. 4 and SC No. 6 Dusk to Dawn, on a uniform percentage basis.

8. The revenue increases for each service classification were allocated on an intraclass basis as follows. (a) For the Residential Service Class (SC No. 1) and the Residential Time of Day Service with Space and/or Water Heating Class (SC No. 3), the distribution rates within each class were developed by applying uniform percentage increases, specific to each class, to all rates other than customer charges. SC Nos. 1 and 3 customer charges have not changed. A typical residential customer using 925 kWh per month will receive an annualized monthly increase of approximately \$4.10 or 3.2% on a total revenue basis. (b) For the General Service Class and Large General Time of Day Class (SC Nos. 2 and 7, respectively), the distribution rates within each class were developed by applying uniform percentage increases, specific to each class, to all rates including customer charges. (c) For the Residential Space Heating Service Class (SC No. 5), an adjustment was first made to equalize the winter tail block

rate (for usage in excess of 700 kWh per month) for the customers that were connected prior to April 24, 1992 and “grandfathered” in BPU Docket No. ER91030356J with the winter tail block rate for customers connected on and after April 24, 1992. This adjustment completes the gradual elimination of the winter tail block rate differential between grandfathered and non-grandfathered customers that the Board commenced by eliminating 40% of the differential in its Order dated April 20, 2004 in BPU Docket No. ER02100724 and continued with the elimination of 35% of the remaining differential in its Order dated July 23, 2004 in Phase II of that docket. The adjustment limits the winter bill impact for large, grandfathered customers to approximately 1.6 times the overall average increase for the class. After accounting for the revenue impact of the foregoing, the remainder of the SC No. 5 revenue increase was applied on a uniform percentage basis to all rates other than the customer charge. The SC No. 5 customer charge has not changed. (d) For Private Overhead Lighting (SC No. 6), the revenue increase was applied separately to the Dusk to Dawn and Energy Only subclasses. Distribution rates in the Energy Only subclass were developed by applying a uniform percentage increase, specific to this subclass, to all rates including customer charges.

9. The Parties agree that, after increasing the General Service SC No. 2 distribution rates as described above, the Company shall, on a revenue neutral basis, (a) reduce the differential between the first and second blocks during the summer season to one cent (excluding sales and use tax); and (b) equalize the summer and winter second block distribution usage rates.

10. The Parties agree that it is appropriate for the Company to make all the other Tariff changes (including regarding implementation of a re-inspection fee) set forth in the direct testimony of William A. Atzl, Jr. and in the Tariff leaves annexed as Exhibit A to the

Company's Petition. Specifically, the Company shall change General Information Section 15A, "Extension of Lines and Facilities - Appendix A," to reflect the cost methodology adopted in N.J.A.C. 14:3-8, to update unit charges to reflect current costs, and to eliminate additional charges on Leaf Nos. 9 and 9A, except the charges for blasting and jack hammering, which have been retained and moved to leaf No. 9B. These charges have been changed to "Actual Low Bid" rather than specific per foot charges. With regard to General information Section No. 6A, Budget Billing, the Company shall establish a customer specific budget year beginning with the billing month in which the customer initially enrolled in budget billing. With regard to Street Lighting, specifically Service Classifications Nos. 4 and 6, the Company's lighting provisions, the Company, among other changes, shall eliminate references to laminated wood and aluminum poles for use in underground electric systems but will continue to provide lighting service to those customers with existing laminated wood and aluminum poles. The Company has also agreed to modify the original proposed language that would have given the Company "sole discretion" with regard to the final location of a street light, to "sole reasonable discretion." The Company shall also implement a re-inspection fee of \$48.63 as part of General Information Section No. 19, "Wiring, Apparatus and Inspection." The re-inspection fee shall apply after a Company inspector (1) makes an initial free inspection of the installation by an applicant for new electric service or electric service conversion that does not comply with the Company's specifications for electric installations and (2) must return at a later date or dates for a re-inspection after the applicant has taken corrective action. In addition to the Tariff changes set forth in Mr. Atzl's testimony and Exhibit A to the Petition and summarized above, the Company further agrees that, where the Tariff references a service classification at the top of a tariff leaf, a

description of that service class shall be provided in the leaf. The Parties agree that the provisions of this paragraph are reflected in the Tariff leaves attached hereto in Schedule D.

11. The Parties recommend that the ALJ and the Board approve the Tariff leaves annexed hereto as Schedule D in their entirety as part of their approval of this Stipulation. Upon approval of this Stipulation by the Board and the Board's issuance of a written Order, the Company will file, for Board Staff's and Rate Counsel's review, compliance Tariff leaves consistent with Schedule D showing the issued and effective dates to implement the terms of this Stipulation and the Board's written Order.

12. Pension and OPEB Reports. The Company agrees to provide Staff and Rate Counsel with copies of the most recent pension and retiree welfare ("OPEB") Actuarial Valuation Reports developed by its actuary Buck Consultants. These reports include the detailed accounting information used by the Company for financial reporting and detail concerning the actuarial assumptions and methods employed. Additionally, the Company will provide a table showing how the calculation of the annual "unrecognized net loss/gain" element of the periodic pension and OPEB expense was developed.

Schedules. All schedules referenced in and attached to this Stipulation are incorporated by reference herein as if set forth in the body of this Stipulation.

Duration of Base Rates. The electric base distribution rates set forth in this Stipulation will remain in effect until at least April 1, 2010. In the event that the Company's financial position deteriorates to the extent that it imminently endangers the Company's ability to provide safe, adequate and reliable electric utility service, as a result of emergent circumstances beyond the Company's control, the Company has the right to seek appropriate rate relief with new base rates effective prior to April 1, 2010.

15. Depreciation Rates. RECO will maintain its existing depreciation rates for electric distribution and general plant as shown on Schedule F.

16. Net Salvage. From August 2003 through July 31, 2006, RECO incurred actual net salvage costs (i.e., costs of removal) of \$1,383,439, which exceeded by \$933,439 (the "Net Salvage Deficiency") the Company's net salvage allowance for that period of \$450,000 based on an annual allowance of \$150,000. The Parties agree that RECO shall annually recover \$147,385 of the Net Salvage Deficiency based on a 76-month amortization from the Effective Date through July 2013. The 76-month amortization results when the Salvage Deficiency is applied as an offset to the remaining balance of an amount that the Board established in BPU Docket No. ER02100724 (representing costs of removal previously collected in depreciation rates) and required to be amortized back to ratepayers via an amortization that runs until July 31, 2013. The Parties also agree that the rates established in this Stipulation reflect a going forward annual net salvage allowance of \$365,000. The Parties recommend that the Board continue, and agree that the Board's approval of this Stipulation will continue the policy to allow full recovery of and make the Company whole for its actual and prudently incurred net salvage costs that exceed its net salvage allowance.

17. Storm Reserve. From August 1, 2003 through July 31, 2006, RECO incurred extraordinary storm damage costs of approximately \$605,274 which exceeded by \$44,275 (the "Storm Reserve Deficiency") the Company's storm reserve allowance for that period of \$561,000 based on an annual allowance of \$187,000. The Parties agree that RECO shall annually recover \$11,069 of the Storm Reserve Deficiency based on a four-year amortization. The Parties agree that the rates established in this Stipulation include annual

18. Existing Deferred Costs. The deferred costs for which recovery was permitted in BPU Docket No. ER02100724 (i.e., Competitive Services Audit, Management Audit Costs, System Reliability Audit, and Ramapo Property Tax refunds) have an unamortized balance of \$97,000 as of March 31, 2007. This amount will be amortized over four years at the rate of \$24,250 per year.

19. Next Base Rate Filing. At the time the Company files its next electric base rate case petition, the Company agrees to provide to the Parties a cost of service study ("COSS") using the Average and Peak methodology reflected in the response to Interrogatory S-RD 44 (Exhibit S-1 in evidence) for electric distribution (the "A&P COSS") without endorsing that methodology or supporting the A&P COSS results or any rate design based thereon. More specifically, in the A&P COSS, the Company will allocate to each rate class, the portion of the distribution plant investment equal to the classes' voltage specific load factor, on each class' relative average demand (energy) at that voltage and the remaining portion on class share of voltage specific Non-Coincident Peak demands. In the A&P COSS, the Company will:

- a. separate those costs allocated on class' energy and demand responsibilities explicitly to the energy and demand functions respectively;
- b. allocate 50% of the overhead (OH) and Underground (UG) Services costs to all rate classes based on their demand responsibilities and 50% based on the energy consumption and classify the resulting allocation to the customer function;
- c. classify accounts 901, 904, 905, and 907 through 917 to the revenue and energy functions (not customer) depending on whether these costs are allocated on revenue or energy basis;
- d. specify for all rate classes how proposed customer, demand and energy charges are determined;
- e. perform a rate design that allocates the requested revenue change in accordance with the classes' cost responsibilities;

- f. provide total company and class specific load and consumption data utilized in the A&P COSS.

The Company and any Party to this Stipulation reserve and retain the right to oppose the methodology or results of the A&P COSS or any rate design based thereon, and to file and support a COSS and/or rate design utilizing any methodology they consider appropriate.

At the time the Company files its next electric base rate case petition, the Company also agrees to provide to the Parties updated consolidated tax information in the form presented in the December 19, 2006 response to Staff interrogatory S-SREV-117a-c without endorsing or supporting any consolidated tax adjustment to rates. The Company and any Party to this Stipulation reserve and retain the right to file and support any consolidated tax adjustment or method they consider appropriate, if any, or to oppose any consolidated tax adjustment or method proposed by any other Party.

The Company agrees that its next base rate case filing will include a minimum of six months actual test year data.

20. Smart Grid. RECO, in its reasonable discretion and judgment, will continue to implement Smart Grid technology where cost effective and otherwise appropriate in the operation of its utility system. Smart Grid technology includes the use of advanced sensing and control technologies to improve reliability of the electric transmission and distribution system, and the Company's current plans reflect the use of those technologies. Implementation of Smart Grid technology in addition to that reflected in the Company's current plans will be undertaken by the Company, if and to the extent the Company determines it is appropriate in the operation, planning, and expansion of its utility system.

21. RECO and Orange and Rockland Utilities, Inc. ("O&R") Joint Operating Agreement. Within six months from the date of the Board Order approving this Stipulation, the

Parties have agreed to commence a review of the Joint Operating Agreement (“JOA”) between RECO and O&R. Specifically, the Parties will review, on a prospective basis, the reasonableness of the services provided by O&R to RECO pursuant to the JOA, the level of costs for these services, and the functions and allocation formulas under the JOA. The Parties agree that prospective changes to the JOA, if any, shall not be implemented in rates until rates are fixed in RECO’s next distribution base rate case.

22. A/C Cycling. RECO does not currently have a voluntary customer demand response program to reduce load during summer electricity peak use periods by cycling central air conditioning units of participating residential customers in return for certain customer incentives (commonly known and referred to herein as an Air Conditioning Cycling (“A/C Cycling”) program). In consideration of the other agreements in this Stipulation, RECO has agreed to work collaboratively with Staff and Rate Counsel to address the development and implementation of an A/C Cycling Program that would be appropriate for RECO’s service territory or parts thereof as well to discuss potential revenue neutral alternative rate design initiatives intended to encourage conservation for large residential energy users. By way of example of a potential revenue neutral rate design initiative, the parties may discuss the development of an additional summer inverted rate block for large residential energy users. As part of the A/C Cycling collaborative undertaking, RECO agrees to contact the other New Jersey Electric Distribution Companies (“EDCs”) regarding RECO’s potential participation in the remainder of the ongoing RFP A/C Cycling process, and to consider the final recommendations resulting from the ongoing RFP process in connection with any A/C Cycling program that would be developed by RECO. Although the Parties recognize Staff’s preference for program consistency among various utilities, the Parties acknowledge that, because RECO does not

currently have an A/C Cycling program and has a service territory in two control areas (i.e., the NYISO and PJM) and with other particular factors, there may be unique considerations (including regarding the costs, benefits, and incentives of any program) that will need to be evaluated in connection with the timing, development and implementation of a RECO A/C Cycling Program. The Parties agree that the reasonable costs of RECO's participation in any collaborative or RFP process and the development and implementation of an A/C Cycling program (collectively "A/C Cycling Program Costs") shall be recovered through a System Control Charge ("SCC") or other successor or similar non-bypassable non-base rate mechanism established by the Board, with the understanding that the recovery of RECO's actual A/C Cycling Program Costs is ultimately subject to Board approval.

23. Elimination of RECO's Curtailment Program. The Board in its July 22, 2002 Final Decision and Order in BPU Docket Nos. EO97070464, EO97070465, EO97070466 ("Restructuring Order") at page 70 found and directed that "RECO's curtailable load program will be discontinued effective August 1, 1999, after which no new customers will be enrolled. Existing contracts will not be renewed as they expire." Pursuant to the Restructuring Order, RECO eliminated that curtailable load program and all contracts expired in 2003. As part of the A/C Cycling collaborative addressed in paragraph 22 but separate and specific to RECO, the parties will discuss whether to make any recommendations to the Board with regard to a prospective curtailable load program for RECO. The Parties agree that the reasonable costs incurred by RECO for development and implementation of any curtailable load program shall be recovered through an appropriate non-bypassable rate mechanism ("Mechanism") established by the Board, with the understanding that the recovery of RECO's actual curtailable load program costs is ultimately subject to Board approval. The Parties reserve their rights to address, in

RECO's next base rate proceeding, whether the Mechanism or an alternative method, including but not limited to base rates, should be utilized as the recovery method for such costs.

24. Reasonableness of Stipulation.

A. Reasonable Result. The agreed upon revenue requirements reflecting a \$6.4 million annual revenue increase are the result of a negotiation process with concessions by all Parties. This Stipulation will allow the Company to recover the costs of its investment in distribution plant and operating expenditures necessary to provide safe, adequate and proper service at just and reasonable rates.

B. Support For the Stipulation. The Stipulation is supported by the unanimous agreement of the Parties. In addition, the extensive evidentiary record, including detailed testimony and exhibits, provides substantial and credible support for this Stipulation. Given this support, and after extensive review of the information exchanged in this matter, the Parties are executing this Stipulation to provide for a just, reasonable and efficient resolution of the proceeding. The Parties agree that this Stipulation represents a fair, overall disposition that protects and promotes the interests of RECO's customers while allowing for RECO's reasonable recovery of its costs incurred in the provision of service to customers.

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

25. Board Approval. The Parties recommend that the Board issue an Order that adopts this Stipulation and thereby: (1) authorizes RECO to increase its electric distribution rates to achieve an additional \$6.4 million in annual revenues; (2) approves the agreed-upon electric distribution rates as just and reasonable, to become effective on and after the Effective Date; and (3) approves the Tariff leaves annexed hereto as Schedule D. The Parties hereby

request that the Board approve this Stipulation and issue an appropriate written Order reflecting approval of the revenue recovery and rates and charges established herein as soon as practicable following the agenda meeting wherein such approval was rendered so that rates may take effect for service rendered on and after April 1, 2007 or as soon as practicable thereafter. Each Signatory Party agrees to use its best efforts to ensure the Stipulation is submitted in a timely fashion and to urge the Board to issue its approval of the Stipulation without modification or condition.

26. Waiver of Rights of Appeal. Each Party specifically waives any right it may have to seek reconsideration of or to appeal an order by the Board that approves the Stipulation in the manner provided for herein without modification.

27. Rights Upon Disapproval or Modification. This Stipulation contains mutually balancing and interdependent provisions and is intended to be accepted and approved in its entirety. 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 Parties. In the event the Board disapproves the 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 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 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 Parties shall be placed in the same position that they were in immediately prior to its execution.

28. Party Reservations. This Stipulation represents a negotiated compromise resolution that has been made exclusively for the purpose of resolving the base rate issues addressed in the above captioned case and docket. Although binding on the Parties with respect to the issues resolved herein in this proceeding, this Stipulation, in total or by specific item, is in no way binding upon the 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 Parties agree that the resolution of the issues herein shall apply only to the above-captioned case 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 Parties or of the Board with respect to any future base rate cases or other proceedings involving the Company, except as specifically set forth herein.

29. 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.

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

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

ROCKLAND ELECTRIC COMPANY

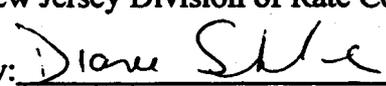
By: 
James C. Meyer, Esq.
RIKER DANZIG SCHERER
HYLAND PERRETTI LLP

Title: Counsel

Dated: 3/8/07

RONALD K. CHEN
Public Advocate of New Jersey

SEEMA M. SINGH, DIRECTOR
New Jersey Division of Rate Counsel

By: 
Diane Schulze, Esq.

Title: Assistant Deputy Public Advocate

Dated: 3/8/07

STUART RABNER,
ATTORNEY GENERAL OF NEW
JERSEY
Attorney for the Staff of the Board of Public
Utilities

By: 
Suzana Loncar
Title: Deputy Attorney General

Dated: 3/8/07

Rockland Electric Company
Electric Service
Settlement Agreement
Sales of Electricity
For Twelve Months Ending December 31, 2006
(000's)

	(12+0) Test Year Submitted by Company	Settlement Adjustments	(12+0) Test Year As Adjusted	Revenue Increase/ (Decrease)	Rate Year Revenue Requirement
(12+0) Sales of Electricity	\$ 157,336	\$ -	\$ 157,336	\$ -	\$ 157,336
<u>Post Test Year Adjustments</u>					
Adjustment for Weather Normalization	422	-	422	-	422
Adjustment for Annualization of 12/31/06 Customers	77	-	77	-	77
Adjustment for Annualization of 6/30/07 Customers	-	100	100	-	100
Total Post Test Year Adjustments	499	100	599	-	599
Total Sales of Electricity	\$ 157,835	\$ 100	\$ 157,935	\$ -	\$ 157,935

Rockland Electric Company
Electric Service
Settlement Agreement
Operations & Maintenance Expenses
For Twelve Months Ending December 31, 2006
(000's)

	(12+0) Test Year Submitted by Company	Settlement Adjustments	(12+0) Test Year As Adjusted	Revenue Increase/ (Decrease)	Rate Year Revenue Requirement
(12+0) Purchased Power Supply Expense	\$ 99,940	\$ -	\$ 99,940	\$ -	\$ 99,940
(12+0) Power Supply Billing Credits	(328)	-	(328)	-	(328)
(12+0) Deferred Purchased Power	(1,004)	-	(1,004)	-	(1,004)
Subtotal Purchased Power Costs	98,608		98,608		98,608
(12+0) Other O&M Costs	38,928		38,928		38,928
Adjustments To Test Year					
Adjustments for Post Test Year Incremental Reliability Programs:					
Circuit Reliability:					
Lightning Protection Improvements	729	(729)			
Spacer Cable Construction Improvements	185	(185)			
Main Line Semi Con Tie Replace	10	(10)			
Spur Line Semi Con Tie Replace	7	(7)			
C/O Inspections and Replacements	159	(159)			
Switch Maintenance Program	56	(56)			
Main Line Fault Indicator Installations	28	(28)			
Phase Balancing	13	(13)			
Fuse Coordination	13	(13)			
Distribution Automation Support	135	(135)			
Vegetation Management, 3-year cycle	182	(182)			
Danger Tree Program	250	(250)			
High Voltage Line Maintenance Program	64	(64)			
Communication System Upgrade	55	(55)			
Stray Voltage Program	960	(960)			
Pad Mount Equipment Program	113	(113)			
Subtotal - Post Test Year Incremental Reliability Programs	2,959	(2,959)	-	-	-
Adjustment for BPU Vegetation Requirements	1,000	(675)	325	-	325
Adjustment for O&M associated with new customers	4	4	8	-	8
Adjustment for Salary & Wages	344	-	344	-	344
Adjustment for Benefit Costs	47	-	47	-	47
Adjustment for Pension Cost	238	-	238	-	238
Adjustment for OPEB Costs	114	-	114	-	114
Adjustment for Customer Deposits	62	-	62	7	69
Adjustment for Rate Case Costs	73	(62)	11	-	11
Adjustment for Amortization of Deferred Costs	(146)	-	(146)	-	(146)
Adjustment for Uncollectible Expense	67	-	67	-	67
Adjustment for EEI Lobbying	(11)	-	(11)	-	(11)
Adjustment for Storm Reserve	26	-	26	-	26
Adjustment to PSA / JOA ROE	(44)	(79)	(123)	-	(123)
Adjustment for Other Items	-	300	300	-	300
Total Post Test Year Adjustments	4,733	(3,471)	1,262	7	1,269
12+0 Other O&M Costs with Test Year Adjustments	43,661	(3,471)	40,190	7	40,197
Total O & M Expenses	\$ 142,269	\$ (3,471)	\$ 138,798	\$ 7	\$ 138,805

Rockland Electric Company
Electric Service
Settlement Agreement
Depreciation Expenses
For Twelve Months Ending December 31, 2006
(000's)

	(12+0) Test Year Submitted by Company	Settlement Adjustments	Test Year As Adjusted	Revenue Increase/ (Decrease)	Rate Year Revenue Requirement
(12+0) Depreciation Expense	\$ 2,023	\$ -	\$ 2,023	\$ -	\$ 2,023
<u>Post Test Year Adjustments</u>					
Adjustment to annualize depreciation & rate change	117	(95)	22	-	22
Post Test Year Additions (excl Smart Grid & Reliability)	164	-	164	-	164
Smart Grid Pilot Projects	42	(42)	-	-	-
Reliability Projects	37	(37)	-	-	-
Adjustment for depreciation - post test year additions	243	(79)	164	-	164
Adjustment for Removal Costs	518	(156)	362	-	362
Total Post Test Year Adjustments	878	(330)	548	-	548
Total Depreciation Expenses	\$ 2,901	\$ (330)	\$ 2,571	\$ -	\$ 2,571

Rockland Electric Company
Electric Service
Settlement Agreement
Taxes Other Expenses
For Twelve Months Ending December 31, 2006
(000's)

	(12+0) Test Year Submitted by Company	Settlement Adjustments	Test Year As Adjusted	Revenue Increase/ (Decrease)	Rate Year Revenue Requirement
(12+0) Other Tax Expense	\$ 7,765	\$ -	\$ 7,765	\$ -	\$ 7,765
<u>Post Test Year Adjustments</u>					
Adjustment for Payroll Taxes	25	-	25	-	25
Total Post Test Year Adjustments	25	-	25	-	25
Total Other Tax Expenses	\$ 7,790	\$ -	\$ 7,790	\$ -	\$ 7,790

Rockland Electric Company
Electric Service
Settlement Agreement
New Jersey Corporate Business Tax
For Twelve Months Ending December 31, 2006
(000's)

	(12+0) Proposed Test Year by Company	Sch B Page 1	Settlement Adjustments	Test Year As Adjusted	Revenue Increase/ (Decrease)	Rate Year Revenue Requirement
OPERATING INCOME BEFORE INCOME TAXES	\$ 5,174		\$ 3,901	\$ 9,075	\$ 6,382	\$ 15,457
LESS: INTEREST EXPENSE	4,396		(74)	4,323	-	4,323
BOOK INCOME BEFORE INCOME TAXES	778		3,975	4,752	6,382	11,134
SECTION I - ADJUSTMENTS TO PRETAX INCOME						
ADD: ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:						
AVOIDED INTEREST CAPITALIZED	172		-	172		172
BOOK DEPRECIATION	2,901		(252)	2,649		2,649
TOTAL	3,073		(252)	2,821		2,821
DEDUCT: NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:						
TAX DEPRECIATION	1,812		(95)	1,717		1,717
TOTAL	1,812		(95)	1,717		1,717
PRETAX INCOME	2,039		3,818	5,856	6,382	12,238
SECTION II - NORMALIZED ITEMS						
ADD: ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:						
CONTRIBUTIONS IN AID OF CONSTRUCTION	548			548		548
AMORTIZATION OF MERGER COSTS	208			208		208
AMORTIZATION OF R&D EXPENDITURES	10			10		10
AMORTIZATION OF NJ AUDIT OF COMPETITIVE SERVICE	9			9		9
AMORTIZATION OF NJ SYSTEM RELIABILITY AUDIT	3			3		3
AMORTIZATION OF MANAGEMENT AUDIT COSTS	8			8		8
AMORTIZATION OF RAMAPO PROPERTY TAXES	4			4		4
AMORTIZATION OF RATE CASE COSTS	130			130		130
TOTAL NORMALIZED ADDITIONS	920			920		920
DEDUCT: NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:						
TAX DEPRECIATION - CIAC	502		-	502		502
TAX DEPRECIATION (NORMALIZED)	2,478		95	2,573		2,573
COST OF REMOVAL	1,095		(156)	939		939
RATE CASE COSTS (SCHEDULE 9)	500		-	500		500
BOND REDEMPTION COSTS	(137)		-	(137)		(137)
TOTAL NORMALIZED DEDUCTIONS	4,438		(61)	4,377		4,377
TAXABLE INCOME OR (LOSS)	(1,479)		3,879	2,399	6,382	8,781
ADD: DEPRECIATION DEDUCTED ABOVE	4,792		-	4,792		4,792
LESS: DEPR ON POST 1997 ADDITIONS	644		-	644		644
PRE-1998 DEPRECIATION	4,148			4,148		4,148
DEDUCT: NJ DEPRECIATION	5,503			5,503		5,503
STATE TAXABLE INCOME OR (LOSS)	(2,834)		3,879	1,044	6,382	7,426
CURRENT STATE INCOME TAX @ 9%	(255)		349	94	574	668
BOOK INCOME BEFORE SIT	778		3,975	4,752	6,382	11,134
CURRENT STATE INCOME TAX @ 9%	(255)		349	94	574	668
DEFERRED CBT	380		44	424	-	424
TOTAL CBT TAX	\$ 125		\$ 393	\$ 518	\$ 574	\$ 1,092

Rockland Electric Company
Electric Service
Settlement Agreement
Income Tax Interest Expense Deduction
For Twelve Months Ending December 31, 2006
(000's)

	<u>12/31/06 Proposed Test Year by Company</u>	<u>Increase/ (Decrease)</u>	<u>12/31/06 Test Year Settlement</u>
Rate Base	\$ 136,536	\$ (5,540)	\$ 130,996
Embedded Cost of Debt	<u>3.22%</u>	<u></u>	<u>3.30%</u>
Interest Deduction	<u>\$ 4,396</u>	<u>\$ (74)</u>	<u>\$ 4,323</u>

Rockland Electric Company
Electric Service
Settlement Agreement
Federal Income Tax
For Twelve Months Ending December 31, 2006
(000's)

	12+0 Proposed Test Year by Company	Sch B Page 1	Settlement Adjustments	12+0 Test Year As Adjusted	Revenue Increase/ (Decrease)	Rate Year Revenue Requirement
OPERATING INCOME BEFORE INCOME TAXES	\$ 5,174		\$ 3,901	\$ 9,075	\$ 6,382	\$ 15,457
LESS: NJ CORPORATE BUSINESS TAX	125		393	518	574	1,092
INTEREST EXPENSE	4,396		(74)	4,323	-	4,323
BOOK INCOME BEFORE FIT	853		3,582	4,234	5,808	10,042
SECTION I - FLOW THRU ITEMS						
ADD: ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:						
AVOIDED INTEREST CAPITALIZED	172		-	172		172
BOOK DEPRECIATION	2,901		(252)	2,649		2,649
TOTAL	3,073		(252)	2,821		2,821
DEDUCT: NONTAXABLE INCOME AND ADDITIONAL ALLOWABLE DEDUCTIONS:						
TAX DEPRECIATION (FLOW THRU)	1,812		(95)	1,717		1,717
TOTAL	1,812		(95)	1,717		1,717
PRETAX INCOME	1,914		3,425	5,338	5,808	11,148
SECTION II - NORMALIZED ITEMS						
ADD: ADDITIONAL TAXABLE INCOME AND UNALLOWABLE DEDUCTIONS:						
CONTRIBUTIONS IN AID OF CONSTRUCTION	548		-	548		548
AMORTIZATION OF MERGER COSTS	208		-	208		208
AMORTIZATION OF R&D EXPENDITURES	10		-	10		10
AMORTIZATION OF NJ AUDIT OF COMPETITIVE SERVICES	9		-	9		9
AMORTIZATION OF NJ SYSTEM RELIABILITY AUDIT	3		-	3		3
AMORTIZATION OF MANAGEMENT AUDIT COSTS	8		-	8		8
AMORTIZATION OF RAMAPO PROPERTY TAXES	4		-	4		4
AMORTIZATION OF RATE CASE COSTS	130		-	130		130
STATE DEFERRED TAX DEDUCTION	380		44	424		424
TOTAL NORMALIZED ADDITIONS	1,300		44	1,344		1,344
DEDUCT: NONTAXABLE INC. & ALLOWABLE DEDUCT.						
TAX DEPRECIATION - CIAC	502		-	502		502
TAX DEPRECIATION (NORMALIZED FOR FEDERAL INCOME TAX PURPOSES)	2,478		95	2,573		2,573
COST OF REMOVAL	1,095		(156)	939		939
RATE CASE COSTS (SCHEDULE 9)	500		-	500		500
BOND REDEMPTION COSTS	(137)		-	(137)		(137)
TOTAL NORMALIZED DEDUCTIONS	4,438		(61)	4,377		4,377
TAXABLE INCOME OR (LOSS)	(1,224)		3,530	2,305	5,808	8,113
INCOME TAX	(348)		1,445	1,099	2,033	2,839

Rockland Electric Company
Electric Service
Settlement Agreement
Federal Income Tax
For Twelve Months Ending December 31, 2006
(000's)

	12+0 Proposed Test Year by Company	Sch B	Settlement Adjustments	12+0 Test Year As Adjusted	Revenue Increase/ (Decrease)	Rate Year Revenue Requirement
CURRENT FEDERAL INCOME TAX	(346)		1,445	1,099	2,033	2,839
DEFERRED FEDERAL INCOME TAX APPLICABLE TO:						
TAX DEPRECIATION - CIAC	157		-	157	-	157
TAX DEPRECIATION (NORMALIZED FOR FEDERAL INCOME TAX PURPOSE)	855		34	889	-	889
COST OF REMOVAL	376		(44)	332	-	332
RATE CASE COSTS (SCHEDULE 9)	175		-	175	-	175
BOND REDEMPTION COSTS	(50)		-	(50)	-	(50)
DEFERRED FEDERAL INCOME TAX ON SCHEDULE M DEDUCTIONS	1,513		(10)	1,503	-	1,503
AMORTIZATION OF DEFERRED INCOME TAXES						
CONTRIBUTIONS IN AID OF CONSTRUCTION	192			192	-	192
AMORTIZATION OF MERGER COSTS	73			73	-	73
AMORTIZATION OF R&D EXPENDITURES	4			4	-	4
AMORTIZATION OF NJ AUDIT OF COMPETITIVE SERVICES (SEE SCHEDULE 1C)	3			3	-	3
AMORTIZATION OF NJ SYSTEM RELIABILITY AUDIT (SEE SCHEDULE 1C)	1			1	-	1
AMORTIZATION OF MANAGEMENT AUDIT COSTS (SEE SCHEDULE 10)	3			3	-	3
AMORTIZATION OF RAMAPO PROPERTY TAXES (SEE SCHEDULE 10)	1			1	-	1
AMORTIZATION OF RATE CASE COSTS (SEE SCHEDULE 9)	45			45	-	45
STATE DEFERRED TAX DEDUCTION	108			108	-	108
TOTAL AMORTIZATION OF DEFERRED FEDERAL INCOME TAX	430		-	430	-	430
TOTAL DEFERRED FEDERAL INCOME TAX	1,083		(10)	1,073	-	1,073
SUMMARY OF FEDERAL INCOME TAXES						
CURRENT FEDERAL INCOME TAX	(346)		1,445	1,099	2,033	3,132
DEFERRED FEDERAL INCOME TAX	1,083		(10)	1,073	-	1,073
DEFERRED ITC	(97)		(97)	(97)	-	(97)
FEDERAL INCOME TAX EXPENSE FOR PERIOD	640		1,338	2,075	2,033	4,108

Rockland Electric Company
Electric Service
Settlement Agreement
Rate Base
For Twelve Months Ending December 31, 2006
(000's)

	12+0 Proposed Test Year by Company	Settlement Adjustments	Rate Year Revenue Requirement
<u>Utility Plant:</u>			
Plant In Service (excl. Reliability & Smart Grid Projects)	\$ 195,939	\$ -	\$ 195,939
Incremental Reliability Projects	1,573	(1,573)	-
Smart Grid Pilot Projects	1,671	(1,671)	-
Subtotal Plant In Service	199,183	(3,244)	\$ 195,939
Plant Held For Future Use	209	-	209
CWIP Not Taking Interest	1,955	-	1,955
Total Utility Plant	<u>201,347</u>	<u>(3,244)</u>	<u>198,103</u>
<u>Utility Plant Reserves:</u>			
Accum Prov Depr (excl. Reliability & Smart Grid Projects)	(56,049)	-	(56,049)
Incremental Reliability Projects	(21)	21	-
Smart Grid Pilot Projects	(19)	19	-
Subtotal Accum. Prov. For Deprec. of Plant In Service	(56,089)	40	(56,049)
Accum. Prov. For Deprec. Of Plant Held for Future Use	1	-	1
Total Utility Plant Reserves	<u>(56,088)</u>	<u>40</u>	<u>(56,048)</u>
Net Plant	145,259	(3,204)	142,055
<u>Working Capital Requirements:</u>			
O&M Expenditures	6,321	214	6,535
Materials & Supplies	2,834	-	2,834
Prepayments	1,184	-	1,184
R & D Expenditures - Net of Income Tax	30	(30)	-
Deferred BPU Audit / Ramapo Excess Tax Refund	73	(73)	-
Cost to Achieve - Merger	468	(468)	-
Total Additions To Plant	<u>10,910</u>	<u>(357)</u>	<u>10,553</u>
<u>Deductions From Net Plant</u>			
Net Pension/OPEB Liability	351	-	351
Customer Deposits	2,172	-	2,172
Customer Advances for Construction	292	-	292
Accum. Deferred FIT (Plant excl. Reliability & Smart Grid)	16,806	-	16,806
Accum. Deferred FIT (Reliability & Smart Grid)	8	(8)	-
Accum. Deferred FIT - Bond Redemption	4	-	4
Consolidated Tax Adjustment	-	1,987	1,987
Total Deductions To Plant	<u>19,633</u>	<u>1,979</u>	<u>21,612</u>
Total Electric Rate Base	<u>\$ 136,536</u>	<u>\$ (5,540)</u>	<u>\$ 130,996</u>

Rockland Electric Company
Electric Service
Settlement Agreement
Working Capital Allowance
For Twelve Months Ending December 31, 2006
(000's)

	Distribution Amount	(Lead) / Lag Days	Distribution Dollar Days
Revenue Recovery	\$ 158,234,493	38.1	\$ 6,034,903,087
Sales tax	9,488,070	38.1	361,865,351
	<u>167,722,563</u>		<u>6,396,768,438</u>
Purchased Power Expenses:			
BGS	86,377,000	35.9	3,102,373,917
O&R	13,235,179	45.0	595,583,050
Salaries & Wages	9,048,857	8.2	73,966,947
Pensions	5,947,094	0.5	2,713,853
OPEBs	2,072,904	86.8	179,946,726
Employee Welfare Expenses	1,679,983	23.0	38,673,751
Joint Operating Expense	2,675,667	45.0	120,405,025
Operating Reserve Accrual	99,286	1,086.5	107,876,457
Uncollectible Accounts Accrual	170,163	38.1	6,489,834
Material & Supplies issues	152,456	-	-
Other O&M	16,755,782	32.3	540,428,937
Amortizations:			
Storm Reserve	26,000		
Costs to Achieve-Merger	187,084		
Rate Case Costs	11,000		
Research & Development	10,000		
BPU Assessment	350,882	-	-
Pensions	(354,480)	-	-
OPEBs	1,230,865	-	-
Prior SFAS 87 Pension Recoveries	103,100	-	-
Prior SFAS 106 OPEB Recoveries	23,063	-	-
Depreciation & Amortization	2,532,068	-	-
Amort of Excess Property Tax	38,496	-	-
Taxes Other Than Income Taxes	7,712,721	(37.6)	(290,272,141)
New Jersey Sales & Use Tax	77,451	35.4	2,743,039
New Jersey Sales Tax (UTUA)	9,488,070	(51.3)	(486,263,567)
Income Taxes:			
Federal Income Tax	1,099,000	37.5	41,212,500
Deferred Federal Income Tax	-	-	-
Investment Tax Credit	-	-	-
Corporate Business Tax (State)	518,000	(46.8)	(24,216,500)
Return on Invested Capital	6,482,000	-	-
Total Requirement	<u>\$ 167,749,690</u>	24.0	<u>\$ 4,011,661,827</u>
Variance between revenues and expenses	<u>\$ (27,127)</u>		
Net Lag		14.1	<u>\$ 2,385,106,611</u>
Net Requirement (Net Lag / 365)			<u>\$ 6,534,539</u>

ROCKLAND ELECTRIC COMPANY
Calculation of Proposed Distribution Rates
Including Sales and Use Tax @ 7.0%

	Proposed Distribution <u>Excl SUT</u>	Proposed Distribution <u>SUT</u>	Proposed Distribution <u>Incl SUT</u>
Service Classification No. 1			
Customer Charge (\$/mo)	3.63	0.25	3.88
Energy:			
First 250 kWh -S (\$/kWh)	0.03281	0.00230	0.03511
First 250 kWh -W (\$/kWh)	0.03281	0.00230	0.03511
Over 250 kWh -S (\$/kWh)	0.03821	0.00267	0.04088
Over 250 kWh -W (\$/kWh)	0.03281	0.00230	0.03511
Water Heat -S (\$/kWh)	0.02689	0.00188	0.02877
Water Heat -W (\$/kWh)	0.02689	0.00188	0.02877
Space Heat -W (\$/kWh)	0.02310	0.00162	0.02472
Service Classification No. 2			
Customer Charge (\$/mo)	6.92	0.48	7.40
Demand:			
First 5 kW -S (\$/kW)	0.00	0.00	0.00
First 5 kW -W (\$/kW)	0.00	0.00	0.00
Over 5 kW -S (\$/kW)	3.19	0.22	3.41
Over 5 kW -W (\$/kW)	2.74	0.19	2.93
Energy:			
First 4,920 kWh -S (\$/kWh)	0.03544	0.00248	0.03792
First 4,920 kWh -W (\$/kWh)	0.03249	0.00227	0.03476
Second Block - Summer	0.02544	0.00178	0.02722
Second Block - Winter	0.02544	0.00178	0.02722
Over 60k or 300HU - Summer	0.01260	0.00088	0.01348
Over 60k or 300HU - Winter	0.01260	0.00088	0.01348
Space Heat -S (\$/kWh)	0.03413	0.00239	0.03652
Space Heat -W (\$/kWh)	0.02204	0.00154	0.02358
Service Classification No. 3			
Customer Charge (\$/mo)	4.64	0.32	4.96
Energy:			
Peak -S (\$/kWh)	0.04350	0.00305	0.04655
Peak -W (\$/kWh)	0.03934	0.00275	0.04209
Off Peak - Summer	0.01767	0.00124	0.01891
Off Peak - Winter	0.01767	0.00124	0.01891

ROCKLAND ELECTRIC COMPANY
Calculation of Proposed Distribution Rates
Including Sales and Use Tax @ 7.0%

SCHEDULE C
Page 2 of 4

	Proposed Distribution <u>Excl SUT</u>	Proposed Distribution <u>SUT</u>	Proposed Distribution <u>Incl SUT</u>
Service Classification No. 5			
Customer Charge (\$/mo)	3.63	0.25	3.88
Energy:			
First 250 kWh - Summer	0.03157	0.00221	0.03378
First 250 kWh - Winter	0.03157	0.00221	0.03378
Next 450 kWh -S (\$/kWh)	0.03618	0.00253	0.03871
Next 450 kWh -W (\$/kWh)	0.03157	0.00221	0.03378
Over 700 kWh -S (\$/kWh)	0.03933	0.00275	0.04208
Over 700 kWh -W (\$/kWh)*	0.03687	0.00258	0.03945
Over 700 kWh -W (\$/kWh)	0.03687	0.00258	0.03945
Service Classification No. 7			
Customer Charge (\$/mo)	138.26	9.68	147.94
Demand			
Period I (\$/kW)	1.97	0.14	2.11
Period II (\$/kW)	0.49	0.03	0.52
Period III (\$/kW)	1.81	0.13	1.94
Period IV (\$/kW)	0.49	0.03	0.52
Energy:			
Period I (\$/kWh)	0.01649	0.00115	0.01764
Period II (\$/kWh)	0.01297	0.00091	0.01388
Period III (\$/kWh)	0.01649	0.00115	0.01764
Period IV (\$/kWh)	0.01297	0.00091	0.01388
Space Heat -S (\$/kWh)	0.03411	0.00239	0.03650
Space Heat -W (\$/kWh)	0.02203	0.00154	0.02357

* Rate Differential for SC 5 Customers connected prior to April 24, 1992 eliminated.

ROCKLAND ELECTRIC COMPANY
Calculation of Proposed Distribution Rates
Including Sales and Use Tax @ 7.0%

<u>Service Classification No. 4</u>	Proposed Distribution <u>Excl SUT</u>	Proposed Distribution <u>SUT</u>	Proposed Distribution <u>Incl SUT</u>
5800 SV (\$/luminaire/mo.)	4.73	0.33	5.06
9500 SV	5.18	0.36	5.54
16000 SV	6.35	0.44	6.79
27500 SV	8.19	0.57	8.76
46000 SV	13.25	0.93	14.18
16000 SV Offset	12.50	0.88	13.38
27500 SV	10.66	0.75	11.41
46000 SV	15.08	1.06	16.14
1000 OBI	3.16	0.22	3.38
2500 OBI	4.34	0.30	4.64
6000 CB	6.85	0.48	7.33
4000MV	4.29	0.30	4.59
7900 MV	5.15	0.36	5.51
12000 MV	6.75	0.47	7.22
22500 MV	8.69	0.61	9.30
40000 MV	13.35	0.93	14.28
59000 MV	17.05	1.19	18.24
4000 MV	6.43	0.45	6.88
7900 MV	7.96	0.56	8.52
7900 MV Offset	9.29	0.65	9.94
15 Foot Brackets	0.28	0.02	0.30
Undrg - Co. Owned	10.41	0.73	11.14
Undrg - Cust. Owned	2.53	0.18	2.71

ROCKLAND ELECTRIC COMPANY
Calculation of Proposed Distribution Rates
Including Sales and Use Tax @ 7.0%

	Proposed Distribution <u>Excl SUT</u>	Proposed Distribution <u>SUT</u>	Proposed Distribution <u>Incl SUT</u>
<u>Service Classification No. 6</u>			
5800 SV (\$/luminaire/mo.)	3.03	0.21	3.24
9500 SV	3.66	0.26	3.92
16000 SV	3.99	0.28	4.27
5800 SV	4.15	0.29	4.44
9500 SV	4.59	0.32	4.91
16000 SV	5.68	0.40	6.08
27500 SV	7.36	0.52	7.88
46000 SV	12.11	0.85	12.96
27500 SV	7.36	0.52	7.88
46000 SV	12.11	0.85	12.96
16000 SV Offset	10.89	0.76	11.65
4000 MV	4.64	0.32	4.96
7900 MV	5.46	0.38	5.84
22500 MV	8.89	0.62	9.51
4000 MV	5.08	0.36	5.44
7900 MV	5.91	0.41	6.32
22500 MV	9.38	0.66	10.04
1000 In	4.11	0.29	4.40
2500 In	5.41	0.38	5.79
12000 MV	7.48	0.52	8.00
40000 MV	13.91	0.97	14.88
59000 MV	17.50	1.23	18.73
15 Foot Brackets	0.28	0.02	0.30
<u>Service Classification No. 6</u>			
Customer Charge - Metered	7.01	0.49	7.50
Customer Charge - Unmetered	1.46	0.10	1.56
Energy (kWh) - Summer	0.03946	0.00276	0.04222
Energy (kWh) - Winter	0.03946	0.00276	0.04222

GENERAL INFORMATION

No. 6A BUDGET BILLING:

Residential customers, customers who are a condominium association or a cooperative housing corporation and customers taking service under Special Provision B of Service Classification Nos. 2 or 7, unless otherwise prohibited, may, at their option, elect to pay for service taken in accordance with the Board's regulations and the following provisions:

- a. The customer will make equal monthly payments during the Budget Year based on the Company's estimate of the customer's total cost for the Budget Year; and
- b. If at the end of the Budget Year, the amount paid by the customer is less than the amount due for actual service rendered, the Company shall bill the customer the balance, in addition to the monthly payment amount due in the last billing period of the Budget Year; or
- c. If at the end of the Budget Year, the amount paid by the customer is greater than the amount due for actual service rendered, the Company shall apply a credit to the customer's account equal to the amount overpaid or, at the customer's request, shall refund an amount equal to the overpayment.

The Budget Year will be the twelve-month period beginning with the billing month the customer initially enrolls in budget billing.

The monthly budget payment will normally be adjusted at the end of the Budget Year to reflect any changes in the Company's charges or the customer's usage during the Budget Year. The Company shall notify customers in writing of the revised budget amount at least ten working days prior to the due date of the initial bill of the next Budget Year. The Company also may adjust the monthly budget payment one time during the Budget Year should the Company's analysis indicate a change of twenty-five percent or more is warranted because of changes in rates or consumption.

Should a customer fail to make a monthly budget payment when due, the Company shall have the right to terminate the budget billing plan. A customer shall have the right to terminate budget billing at any time. Upon termination by the Company or customer, any overpayment will be credited to the customer's account and any deficiency shall be due and payable.

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 9
SUPERSEDING REVISED LEAF NO. 9

GENERAL INFORMATION

No. 15A EXTENSION OF LINES AND FACILITIES – APPENDIX A:

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(Continued)

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Saddle River, New Jersey 07458

REVISED LEAF NO. 9A
SUPERSEDING REVISED LEAF NO. 9A

GENERAL INFORMATION

No. 15A EXTENSION OF LINES AND FACILITIES – APPENDIX A: (Continued)

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(Continued)

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REVISED LEAF NO. 9B
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GENERAL INFORMATION

No. 15A EXTENSION OF LINES AND FACILITIES – APPENDIX A: (Continued)

EXHIBIT I
UNIT COSTS OF UNDERGROUND CONSTRUCTION
SINGLE PHASE

<u>ITEM</u>	<u>UNIT</u>	<u>TOTAL COST</u>
1. Trenching	PER FOOT	\$12.47*
Frost Digging		
0" - 12" Deep	PER FOOT	11.50
13" - 18" Deep	PER FOOT	15.13
19" - 24" Deep	PER FOOT	18.15
25" - 30" Deep	PER FOOT	21.18
31" - 36" Deep	PER FOOT	24.20
Pavement Cutting and Restoration	PER FOOT	25.37
Blasting and rock removal	PER FOOT	ACTUAL LOW BID
Jack hammering and rock removal	PER FOOT	ACTUAL LOW BID
2. Primary Cable (#2 Aluminum)	PER FOOT	2.64
3. Secondary Cable		
A. 3/0 AAC Triplex	PER FOOT	2.31
B. 350 kcmil Aluminum	PER FOOT	3.68
4. Service (Installed in conduit, includes tap on, does not include trenching) 200 AMP	PER FOOT	13.01
Service (Installed in conduit, includes tap on, does not include trenching) Over 200 AMP	PER FOOT	14.38

* Will be adjusted to reflect any contribution received from cable television companies.

(Continued)

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REVISED LEAF NO. 9C
SUPERSEDING REVISED LEAF NO. 9C

GENERAL INFORMATION

No. 15A EXTENSION OF LINES AND FACILITIES – APPENDIX A: (Continued)

EXHIBIT I
UNIT COSTS OF UNDERGROUND CONSTRUCTION
SINGLE PHASE (Continued)

<u>ITEM</u>	<u>UNIT</u>	<u>TOTAL COST</u>
5. Primary Termination /Riser	EACH	\$2,204.11
Secondary Termination/Riser	EACH	977.59
6. Primary Junction Enclosure		
A. Single Phase Boxpad - Unfused	EACH	1,921.84
B. Single Phase Switch - Fused	EACH	7,677.93
7. Secondary Enclosure (Incl. Terminations)	EACH	601.00
8. Conduit (2" Schedule 40 PVC, installed)	PER FOOT	2.78
Conduit (4" Schedule 40 PVC, installed)	PER FOOT	4.27
9. Street Light Cable #2 Triplex in Conduit	PER FOOT	4.44
10. Transformers, Including Pad		
25 KVA	EACH	3,289.72
50 KVA	EACH	3,502.35
75 KVA	EACH	3,859.28
100 KVA	EACH	4,118.41
167 KVA	EACH	4,680.86
11. Street Lighting - U/G Feed 30' Pole (including arm & luminaire)	EACH	1,732.83

(Continued)

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Saddle River, New Jersey 07458

REVISD LEAF NO. 9D
SUPERSEDING REVISED LEAF NO. 9D

GENERAL INFORMATION

No. 15A EXTENSION OF LINES AND FACILITIES – APPENDIX A: (Continued)

EXHIBIT II
UNIT COSTS OF UNDERGROUND CONSTRUCTION
THREE PHASE

	<u>ITEM</u>	<u>UNIT</u>	<u>TOTAL COST</u>
1.	Primary Cable Installation		
	A. 750 kcmil – 600A	PER CIRCUIT FOOT	\$57.27
	B. 350 kcmil – 400A	PER CIRCUIT FOOT	37.71
	C. 2/0 Cu – 200A	PER CIRCUIT FOOT	26.29
2.	Secondary Cable Installation		
	350 kmcil 4-Wire	PER CIRCUIT FOOT	6.06
3.	Service		
	350 kmcil AAC	PER CIRCUIT FOOT	18.25
4.	Primary Termination /Riser		
	A. 750 kcm – 600A	EACH	8,192.33
	B. 350 kcm – 400A	EACH	6,901.75
	C. 2/0 Cu – 200A	EACH	3,667.16
5.	Primary Junction Box		
	A. 200 A Installation Only	EACH	3,274.53
	B. 2/0 AWG Termination	EACH	737.12
	C. # 2 AWG Termination	EACH	597.10
6.	Primary Switch - PMH FOR 400A OR 600A		
	A. Switch Installation	EACH	21,279.93
	B. 750 kcmil Termination	EACH	2,346.58
	C. 350 kcmil Termination	EACH	1,917.06
	D. 2/0 AWG Termination	EACH	1,130.70
	E. #2 AWG Termination	EACH	1,005.88
7.	Primary Switch - Elliot for 200A		
	A. Switch Installation	EACH	11,910.24
	B. 2/0 AWG Termination	EACH	1,588.35
	C. #2 AWG Termination	EACH	1,473.91
8.	Conduit		
	(6" Schedule 40 PVC, installed)	PER FOOT	7.13
	(4" Schedule 40 PVC, installed)	PER FOOT	4.27

(Continued)

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LEAF NO. 9D-1

GENERAL INFORMATION

No. 15A EXTENSION OF LINES AND FACILITIES – APPENDIX A: (Continued)

EXHIBIT II
UNIT COSTS OF UNDERGROUND CONSTRUCTION
THREE PHASE (Continued)

<u>ITEM</u>	<u>UNIT</u>	<u>TOTAL COST</u>
9. Transformers, Including Pad		
150 KVA	EACH	\$7,618.96
300 KVA	EACH	8,765.66
10. Concrete Pullbox		
Materials	EACH	12,406.26
Labor	EACH	ACTUAL LOW BID
11. Concrete Manhole		
Materials	EACH	18,606.62
Labor	EACH	ACTUAL LOW BID
12. Trenching - Mainline Construction	PER FOOT	ACTUAL LOW BID

(Continued)

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REVISED LEAF NO. 9E
SUPERSEDING REVISED LEAF NO. 9E

GENERAL INFORMATION

No. 15A EXTENSION OF LINES AND FACILITIES – APPENDIX A: (Continued)

EXHIBIT III
UNIT COSTS OF OVERHEAD CONSTRUCTION
SINGLE PHASE AND THREE PHASE

<u>ITEM</u>	<u>UNIT</u>	<u>TOTAL COST</u>
1. Pole Line (Includes 45 ft. Poles Anchors & Guys)	PER FOOT	\$8.91*
2. Primary Wire		
A. Single Phase (3/0 ACSR)	PER FOOT	3.93
B. Three Phase (477 kmcil Aluminum)	PER FOOT	12.69
C. Three Phase (3/0 ACSR)	PER FOOT	10.98
D. Neutral	PER FOOT	2.43
3. Secondary Wire		
A. 3-Wire (2/0 TX)	PER FOOT	3.98
B. 4-Wire (2/0 QX)	PER FOOT	4.70
4. Service - Single Phase		
Up To 200 AMP	PER FOOT	4.31
Over 200 AMP	PER FOOT	4.81
5. Service - Three Phase		
Up To 200 AMP	PER FOOT	4.76
Over 200 AMP	PER FOOT	5.53
6. Transformers		
25 KVA - Single Phase	EACH	1,211.85
50 KVA - Single Phase	EACH	1,469.41
100 KVA - Single Phase	EACH	2,395.81
3-25 KVA - Three Phase	EACH	4,196.99
3-50 KVA - Three Phase	EACH	4,969.64
3-100 KVA - Three Phase	EACH	7,510.62
7. Street Light Luminaire	EACH	457.10

* Joint Pole Line Cost To Be Used = $\$8.91/2 = \4.46

(Continued)

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Saddle River, New Jersey 07458

LEAF NO. 10A

GENERAL INFORMATION

No. 17 LOCATION OF SERVICE WIRES, METER, ETC.:

Upon application to the Company, it will send a representative who will designate by suitable marker the proper entrance and meter location for service to be furnished. Such meter location shall be maintained by the customer in such manner as to be readily accessible to the Company representatives and kept free from excess vibration.

No. 18 OUTDOOR METERING:

- (a) The Company shall require all new residential dwellings to be provided with facilities supplied by the customer to accommodate outdoor metering equipment. Indoor location of meter(s) for new residential service will be approved only when there is no suitable place outside to set the meter(s). When indoor meter location(s) are approved and utilized, free access by Company representatives to the meter(s) at all reasonable times shall be possible.
- (b) The cost of all facilities required for the meter(s) shall be borne by the customer.

No. 19 WIRING, APPARATUS AND INSPECTION:

All wiring and apparatus including service switches, fuses, meter loops and a proper location and support for the Company's meter and other apparatus shall be furnished and maintained by the customer in accordance with the Wiring Rules and Regulations of the Company, the National Electrical Code of the National Board of Fire Underwriters, all laws and governmental regulations that may be in force, and it shall be a condition precedent to the initial and continuing supply of electricity by the Company that the Company may seal such service and meter-switch and adjust, set and seal such switches, and that such seals shall not be broken and that such adjustments or settings shall not be changed or in any way interfered with by the customer.

The Company reserves the right to make an inspection of the premises before connecting service wires or installing meter in order to see that its rules are complied with, but in doing this, assumes no liability for the safety of the installation. The Company shall conduct an initial inspection of the premises at no cost to the applicant. If the installation is not in compliance with the Company's and/or other applicable rules, service shall not be rendered and the Company shall assess a re-inspection fee of \$48.63 for any subsequent re-inspections of the installation.

No. 20 PERMITS AND INSPECTION FEES:

The Customer must secure and pay for all permits, municipal or otherwise, required by Law for the installation and operation of the electrical wiring and equipment on the premises.

ISSUED:

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Saddle River, New Jersey 07458

REVISED LEAF NO. 19
SUPERSEDING REVISED LEAF NO. 19

**SERVICE CLASSIFICATION NO. 1
RESIDENTIAL SERVICE**

APPLICABLE TO USE OF SERVICE FOR:

Sales and delivery of electric power supply provided by the Company or delivery of electric power supply provided by an electric generation supplier under the Company's Retail Access Program to residential customers. All service at each residence shall be taken through one meter. Service will also be furnished hereunder to a church and adjacent buildings (other than school buildings which substitute for public education), owned by the church and operated in connection therewith; provided, however, that if the buildings of any such church group are separated by a highway or highways, then the electricity delivered to each group so separated shall not be combined with the electricity delivered to other buildings of the church group but shall be billed separately under this rate.

CHARACTER OF SERVICE:

Continuous, 60 cycle, A.C., from any of the following systems as designated by the Company:

- (a) Single phase at approximately 120, 120/208 or 120/240 volts.
- (b) Three phase four wire at approximately 120/208 volts in limited areas.

RATE - SIX PART - MONTHLY:

	<u>Summer Months*</u>	<u>Other Months</u>
(1) <u>Customer Charge</u>	\$3.88	\$3.88
(2) <u>Distribution Charge</u>		
First 250 kWh@	3.511 ¢ per kWh	3.511 ¢ per kWh
Over 250 kWh@	4.088 ¢ per kWh	3.511 ¢ per kWh

(Continued)

ISSUED:

EFFECTIVE:

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Saddle River, New Jersey 07458

REVISED LEAF NO. 20
SUPERSEDING REVISED LEAF NO. 20

**SERVICE CLASSIFICATION NO. 1
RESIDENTIAL SERVICE (Continued)**

RATE – SIX PART – MONTHLY: (Continued)

(3) Transmission Charge

These charges apply to all customers taking Basic Generation Service from the Company. These charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. These charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1.

	<u>Summer Months*</u>	<u>Other Months</u>
First 250 kWh.....@	1.209 ¢ per kWh	1.209 ¢ per kWh
Over 250 kWh.....@	1.209 ¢ per kWh	1.209 ¢ per kWh

(4) Societal Benefits Charge

In accordance with General Information Section 29, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.

(5) Securitization Charges

In accordance with General Information Section 32, the Securitization Charges shall be assessed on all kWh delivered hereunder.

(6) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 28.

* Definition of Summer Billing Months
June through September

(Continued)

ISSUED:

EFFECTIVE:

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Saddle River, New Jersey 07458

REVISED LEAF NO. 20A
SUPERSEDING REVISED LEAF NO. 20A

**SERVICE CLASSIFICATION NO. 1
RESIDENTIAL SERVICE (Continued)**

RATE – SIX PART – MONTHLY: (Continued)

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

\$3.88 monthly, not less than \$23.28 per contract.

TERMS OF PAYMENT:

Bills are due when rendered. If bill is not paid within fifteen days from date rendered, service may be disconnected after suitable written notice.

TERM:

Terminable at any time unless a specified period is required under a line extension agreement.

EXTENSION OF FACILITIES:

Where service is supplied from an extension the charges thereon shall be determined as provided in General Information.

SPECIAL PROVISIONS:

A. WATER HEATING

Where an approved electric storage water heater is used for the customer's entire water heating requirements, monthly use in excess of 600 kWh up to 1,100 kWh in all months will be billed at a Distribution Charge of 2.877 ¢ per kWh. Use less than or equal to 600 kWh and in excess of 1,100 kWh will be billed at the rates and charges contained in RATE – SIX PART – MONTHLY.

An approved electric water heater is one that has a minimum storage capacity of 40 gallons and two heating elements with the upper and lower elements so interlocked that they may not operate simultaneously. The size of the elements shall not exceed those listed in the tabulation below:

(Continued)

ISSUED:

EFFECTIVE:

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Saddle River, New Jersey 07458

REVISED LEAF NO. 20B
SUPERSEDING REVISED LEAF NO. 20B

**SERVICE CLASSIFICATION NO. 1
RESIDENTIAL SERVICE (Continued)**

SPECIAL PROVISIONS (Continued)

A. WATER HEATING (Continued)

Gallons	<u>40</u>	<u>50</u>	<u>66</u>	<u>82</u>	<u>110</u>
Upper Element, Maximum Watts	4500	1500	2500	3000	4000
Lower Element, Maximum Watts	4500	1000	1500	1500	2500

The 40 gallons heater is restricted to use in mobile homes and individual apartments.

B. SPACE HEATING

All use in excess of 1,100 kWh monthly will be billed at a Distribution Charge of 4.088 ¢ per kWh during the summer billing months and 2.472 ¢ per kWh during the other billing months. Use less than or equal to 1,100 kWh will be billed at the rates and charges contained in RATE - SIX PART - MONTHLY.

This provision is applicable where permanently installed electric space heating equipment is the sole source of the space heating, excluding fireplaces, on the premises. This special provision is not available for new service locations connected on or after March 15, 1984.

C. SHORT TERM SERVICE

Customers desiring service under this schedule for less than six months, where service is already installed, shall pay in advance the contract minimum as specified under "Minimum Charge Each Contract Each Location" or under an applicable line extension agreement, or, if the estimated bill for two months or such shorter period as service may be desired exceeds the contract minimum, the Company reserves the right to request a deposit equal to this estimated bill. A part of a month shall be considered a full month for computing all charges hereunder.

D. BUDGET BILLING PLAN

Any customer taking service hereunder may, upon request, be billed monthly in accordance with the budget billing plan as provided for in General Information Section 6A of this tariff.

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 21
SUPERSEDING REVISED LEAF NO. 21

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE**

APPLICABLE TO USE OF SERVICE FOR:

Sales and delivery of electric power supply provided by the Company or delivery of electric power supply provided by an electric generation supplier under the Company's Retail Access Program to general secondary or primary service customers.

A customer taking primary service whose demand exceeds 1000 kW during any two of the previous twelve months shall not be eligible for this rate and shall be transferred to Service Classification No. 7. A customer so transferred shall only be eligible for transfer back to Service Classification No. 2 on the annual anniversary of the transfer to Service Classification No. 7 and only if said customer has not exceeded 1000 kW during any two of the previous twelve months.

All service at one location shall be taken through one meter except that service under Special Provision B shall be separately metered.

CHARACTER OF SERVICE:

Continuous, 60 cycle, A.C., single or three phase secondary, at approximately 120/208, 120/240 volts, and 277/480 volts where available; or three phase primary at approximately 2400/4160 and 7620/13200 volts Wye, 13000 and 34500 volts Delta, 69000 volts Wye, and in limited areas 2400 or 4800 volts Delta, depending upon the magnitude and characteristics of the load and the circuit from which service is supplied.

RATE – SIX PART – MONTHLY:

	<u>Summer Months*</u>	<u>Other Months</u>
(1) <u>Customer Charge</u>	\$7.40	\$7.40
(2) <u>Distribution Charges</u>		
<u>Demand Charge</u>		
First 5 kW or less@	No Charge	No Charge
Over 5 kW@	\$3.41 per kW	\$2.93 per kW
<u>Usage Charge</u>		
First 4,920 kWh@	3.792 ¢ per kWh	3.476 ¢ per kWh
Over 4,920 kWh.....@	2.722 ¢ per kWh	2.722 ¢ per kWh

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 22
SUPERSEDING REVISED LEAF NO. 22

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)**

RATE – SIX PART – MONTHLY: (Continued)

	<u>Summer Months*</u>	<u>Other Months</u>
(2) <u>Distribution Charges (Continued)</u>		
<u>Primary Voltage Service Only</u> Over 60,000 kWh or 300 hours use of demand, whichever is greater.....@	1.348 ¢ per kWh	1.348 ¢ per kWh

(3) Transmission Charges

These charges apply to all customers taking Basic Generation Service from the Company. These charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. These charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1.

	<u>Summer Months*</u>	<u>Other Months</u>
<u>Demand Charge</u>		
First 5 kW or less.....@	No Charge	No Charge
Over 5 kW.....@	\$1.38 per kW	\$1.19 per kW
<u>Usage Charge</u>		
First 4,920 kWh.....@	0.552 ¢ per kWh	0.552 ¢ per kWh
Over 4,920 kWh.....@	0.552 ¢ per kWh	0.552 ¢ per kWh
<u>Primary Voltage Service Only</u> Over 60,000 kWh or 300 hours use of demand, whichever is greater@	0.552 ¢ per kWh	0.552 ¢ per kWh

(4) Societal Benefits Charge

In accordance with General Information Section 29, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 22A
SUPERSEDING REVISED LEAF NO. 22A

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)**

RATE – SIX PART – MONTHLY: (Continued)

(5) Securitization Charges

In accordance with General Information Section 32, the Securitization Charges shall be assessed on all kWh delivered hereunder.

(6) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 28.

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

(Continued)

ISSUED:

EFFECTIVE:

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

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)**

MINIMUM MONTHLY CHARGE:

\$7.40 plus the demand charge.

DETERMINATION OF DEMAND:

For demands in excess of 5 kW the monthly billing demand in kW shall be either the greatest connected load or the greatest 15-minute integrated demand, determined as follows:

- (a) Billing demand may be on a connected load basis when
 - (1) a demand meter would not reduce the billing demand, or
 - (2) the installation is temporary, or
 - (3) the device has a large instantaneous or highly fluctuating demand.

- (b) Billing shall be on a demand meter basis in all other cases and shall be billed at not less than 90% of the kVA demand. The billing demand for the billing months of October through May inclusive shall not be less than 70% of the highest metered demand for the preceding billing months of June through September inclusive.

Temporary Reduction in Demand: If, as a result of fire, riot, strike, governmental interference, or act of God, a customer is unable to operate his plant, in part or in full, then after 30 days' written notice and requests, and thereafter for not more than three (3) consecutive months, the billing demand will be (a) 50% of the average billing demand for the preceding six months, or (b) the actual monthly demand, whichever is greater. At the end of said period, or at such prior time as normal operation is resumed, the billing demand shall be determined in the usual way, and the Company shall not again be requested to make a similar reduction in billing demand until the expiration of twelve (12) months thereafter.

General: Where the customer's load is highly fluctuating and instantaneous, requiring additional transformer capacity, the billing demand shall be equal to the rated transformer capacity required to supply the load.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 23A
SUPERSEDING REVISED LEAF NO. 23A

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)**

TERMS OF PAYMENT:

Bills are due when rendered. If bill is not paid within fifteen days from date rendered, service may be disconnected after suitable written notice.

TERM:

- (a) Secondary service is terminable at any time after one year unless a longer period is required under a line extension agreement.
- (b) Primary service for demands up to and including 3,000 kW: The agreement for service shall be terminable at any time after one year upon ninety days written notice.
- (c) Primary service for demands in excess of 3,000 kW: The agreement for service shall provide for an initial term of five (5) years, to continue thereafter for five-year periods until and unless terminated by either party by giving notice in writing to the other party not less than ninety (90) days prior to the termination of the initial term or any subsequent renewal period.

A customer's demand shall be deemed to be in excess of 3,000 kW if the actual demand of the customer shall exceed 3,000 kW for any six monthly billing periods in any twelve (12) month period.

With respect to primary service under (b) or (c), the Company reserves the right to require a longer initial term where special construction is required to furnish the service.

SPECIAL PROVISIONS:

A. SHORT TERM SECONDARY SERVICE

When short term service is requested, the Company reserves the right to require a deposit of the estimated bill for the period service is desired. The minimum charge for such short term service shall be an amount equal to six times the minimum monthly charge, payable in advance. When construction is necessary, the cost of installation and removal of all equipment, less salvage value, shall be borne by the customer, and a sufficient amount to cover these charges shall be paid in advance. A part of a month shall be considered a full month for computing all charges hereunder.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 23B
SUPERSEDING REVISED LEAF NO. 23B

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)**

SPECIAL PROVISIONS: (Continued)

B. SPACE HEATING

Customers who take service under this classification for 10 kW or more of permanently installed space heating equipment may elect to have the electricity for this service billed separately. All monthly use shall be billed at a Distribution Charge of 2.358 ¢/kWh during the billing months of October through May and 3.652 ¢/kWh during the summer billing months. When this option is requested it shall apply for at least 12 months and shall be subject to a minimum charge of \$26.96 per year per kW of space heating capacity. This provision applies for both heating and cooling where the two services are combined by the manufacturer in a single self-contained unit.

All usage under this Special Provision shall also be subject to Parts (3), (4), (5), and (6) of RATE – SIX PART – MONTHLY.

C. AUXILIARY OR STANDBY SERVICE

Auxiliary or standby service will not be supplied under this service classification.

Any customer who operates or receives electric service from a qualifying facility and who requires auxiliary or standby service shall be eligible to take such service under Service Classification No. 7 of this Schedule. The term "qualifying facility" shall mean a generating facility that meets the qualifying facility requirements established by the Federal Energy Regulatory Commission's rules (18 CFR Part 292) implementing the Public Utility Regulatory Policies Act of 1978.

Customers taking service under this Service Classification shall not operate their generating equipment in parallel or synchronism with the Company's service, except as specifically authorized by the Company for the minimum time required by the customer to disconnect auxiliary generating equipment from the regular Company supply following an interruption of the company's service or during an equipment test. A customer having another installed source of energy may, however, segregate any portion of customer's total requirements so that such portion shall be served exclusively with the Company's service.

(Continued)

ISSUED:

EFFECTIVE:

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

LEAF NO. 23C

SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)

SPECIAL PROVISIONS: (Continued)

D. BUDGET BILLING PLAN

Any condominium association or cooperative housing corporation who takes service hereunder and any other customer taking service under Special Provision B of this Service Classification may, upon request, be billed monthly in accordance with the budget billing plan provided for in General Information Section 6A of this tariff.

E. CURTAILABLE SERVICE

All customers taking service hereunder are eligible to take service under the Curtailable Service Rider as set forth beginning on Leaf No. 18C.

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 24
SUPERSEDING REVISED LEAF NO. 24

**SERVICE CLASSIFICATION NO. 3
RESIDENTIAL TIME-OF-DAY HEATING SERVICE**

APPLICABLE TO USE OF SERVICE FOR:

Sales and delivery of electric power supply provided by the Company or delivery of electric power supply provided by an electric generation supplier under the Company's Retail Access Program to residential customers where an approved electric storage heater is used for customer's entire water heating requirements and/or permanently installed electric space heating equipment is the sole source of space heating, excluding fire places, on the premises. Solar energy collection devices may be used to supplement customer's water and/or space heating requirements.

CHARACTER OF SERVICE:

Continuous, 60 cycle, A.C., from any of the following systems as designated by the Company:

- (a) Single phase at approximately 120, 120/208 or 120/240 volts.
- (b) Three phase four wire at approximately 120/208 volts in limited areas.

RATE – SIX PART – MONTHLY:

	<u>Summer Months*</u>	<u>Other Months</u>
(1) <u>Customer Charge</u>	\$4.96	\$4.96
(2) <u>Distribution Charge</u>		
<u>Peak:</u>		
All kWh measured between 10:00 a.m. and 10:00 p.m., Monday through Friday.....@	4.655 ¢ per kWh	4.209 ¢ per kWh
<u>Off-Peak:</u>		
All other kWh.....@	1.891 ¢ per kWh	1.891 ¢ per kWh

(3) Transmission Charge

These charges apply to all customers taking Basic Generation Service from the Company. These charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. These charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 25
SUPERSEDING REVISED LEAF NO. 25

**SERVICE CLASSIFICATION NO. 3
RESIDENTIAL TIME-OF-DAY HEATING SERVICE (Continued)**

RATE – SIX PART – MONTHLY: (Continued)

(3) Transmission Charge (Continued)

	<u>Summer Months*</u>	<u>Other Months</u>
<u>Peak</u> All kWh measured between 10:00 a.m. and 10:00 p.m., Monday through Friday.....@	0.811 ¢ per kWh	0.811 ¢ per kWh
<u>Off-Peak:</u> All other kWh.....@	0.811 ¢ per kWh	0.811 ¢ per kWh

(4) Societal Benefits Charge

In accordance with General Information Section 29, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.

(5) Securitization Charges

In accordance with General Information Section 32, the Securitization Charges shall be assessed on all kWh delivered hereunder.

(6) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 28.

* Definition of Summer Billing Months

June through September

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 25A
SUPERSEDING REVISED LEAF NO. 25A

**SERVICE CLASSIFICATION NO. 3
RESIDENTIAL TIME-OF-DAY HEATING SERVICE (Continued)**

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

The Customer Charge, not less than \$59.52 per contract.

TERMS OF PAYMENT:

Bills are due when rendered. If bill is not paid within fifteen days from date rendered, service may be disconnected after suitable written notice.

TERM:

The initial term of service shall be one year. Customers opting for this rate shall not be entitled to service at the same location under the Company's Service Classification Nos. 1 or 5 until one year from the date of service or thereafter on the annual anniversary date upon 5 days' prior written notice.

EXTENSION OF FACILITIES:

Where service is supplied from an extension the charges thereon shall be determined as provided in General Information.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISD LEAF NO. 25B
SUPERSEDING REVISED LEAF NO. 25B

SERVICE CLASSIFICATION NO. 3
RESIDENTIAL TIME-OF-DAY HEATING SERVICE (Continued)

SPECIAL PROVISIONS:

A. METERING

The customer shall guarantee the Company access to the meter at all times. In the event the Company is unable to obtain the necessary meter readings, it shall estimate the consumption based on all the data available and apply the rates as specified in RATE – SIX PART – MONTHLY.

B. APPROVED WATER HEATER

An approved electric water heater is one that has a minimum storage capacity of 40 gallons and two heating elements with the upper and lower elements so interlocked that they may not operate simultaneously. The size of the elements shall not exceed those listed in the tabulation below:

Gallons	<u>40</u>	<u>50</u>	<u>66</u>	<u>82</u>	<u>110</u>
Upper element, Maximum Watts	4500	1500	2500	3000	4000
Lower element, Maximum Watts	4500	1000	1500	1500	2500

The 40 gallons heater is restricted to use in mobile homes and individual apartments.

C. BUDGET BILLING

Not available under this Service Classification.

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 26
SUPERSEDING REVISED LEAF NO. 26

**SERVICE CLASSIFICATION NO. 4
PUBLIC STREET LIGHTING SERVICE**

APPLICABLE TO USE OF SERVICE FOR:

Sales and delivery of electric power supply provided by the Company or delivery of electric power supply provided by an electric generation supplier under the Company's Retail Access Program for the purpose of lighting the streets, highways, roadways and ways open to public use where required by City, Town, County, State, or other Municipal or Public Agency or by an incorporated association of local residents in the State of New Jersey.

CHARACTER OF SERVICE:

Service supplied hereunder shall be for limited period, dusk-to dawn illumination, photoelectrically controlled, approximately 4,100 hours per year, approximately 60 cycle and at appropriate voltages or currents designated by the Company.

The Company shall own, maintain and operate all facilities used to supply service hereunder except where noted. Locations of Company owned luminaires that are to be attached to Company facilities shall be determined in consultation with the customer, but shall be approved at the sole reasonable discretion of the Company.

A customer may designate the following types of service:

A. Standard Overhead Service

Luminaires will be mounted on wood poles with the appropriate bracket using the Company's existing overhead distribution system.

B. Underground Service

This service is only available where the Company has an existing underground distribution system or is in the process of constructing one. Luminaires will be mounted on poles of a type specified in the Company's most current standard for lighting poles for use in underground distribution systems.

APPLICATION FOR SERVICE:

The Company shall require a written application for additional service, after the effective date of this tariff sheet, to include a list of the quantity and type of luminaires to be supplied.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 26A
SUPERSEDING REVISED LEAF NO. 26A

SERVICE CLASSIFICATION NO. 4
PUBLIC STREET LIGHTING SERVICE (Continued)

APPLICATION FOR SERVICE: (Continued)

Such application when accepted by the Company, shall constitute an agreement between customer and Company, subject to the terms and conditions set forth in this Service Classification.

TERM:

The Initial Term of service shall be five years. Service shall continue in effect thereafter until canceled by either party upon ninety days written notice. The Company shall require an Initial Term of five years for each additional installation.

DETERMINATION OF BILLING QUANTITIES:

The charge for lighting service hereunder during each calendar month shall be based upon the number of luminaires in service as of the first day of that calendar month.

TERMS OF PAYMENT:

Bills will be rendered on approximately the twenty-ninth of each month and are due on the first of the following month. If the bill is not paid within fifteen days from date rendered, service may be discontinued after suitable written notice.

MONTHLY BURN HOURS TABLE:

January	430	July	267
February	361 (A)	August	298
March	358	September	328
April	302	October	383
May	277	November	407
June	249	December	440

(A) 373 Burning Hours for Leap Year

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 26B
SUPERSEDING REVISED LEAF NO. 26B

SERVICE CLASSIFICATION NO. 4
PUBLIC STREET LIGHTING SERVICE (Continued)

RATE – FIVE PART – MONTHLY:

(1) Luminaire Charges:

<u>Nominal Lumens</u>	<u>Luminaire Type</u>	<u>Watts</u>	<u>Total Wattage</u>	<u>Distribution Charge</u>	<u>Transmission Charge</u>
<u>Street Lighting Luminaires</u>					
5,800	Sodium Vapor	70	108	\$ 5.06	\$ 0.26
9,500	Sodium Vapor	100	142	5.54	0.34
16,000	Sodium Vapor	150	199	6.79	0.48
27,500	Sodium Vapor	250	311	8.76	0.75
46,000	Sodium Vapor	400	488	14.18	1.18

The following luminaires will no longer be installed. Charges are for existing luminaires only.

Street Lighting Luminaires

1,000	Open Bottom Incandescent	92	92	\$ 3.38	\$ 0.22
2,500	Open Bottom Incandescent	189	189	4.64	0.46
6,000	Closed Bottom Incandescent	405	405	7.33	0.98
4,000	Mercury Vapor	100	127	4.59	0.31
7,900	Mercury Vapor	275	211	5.51	0.51
12,000	Mercury Vapor	250	296	7.22	0.72
22,500	Mercury Vapor	400	459	9.30	1.11
40,000	Mercury Vapor	700	786	14.28	1.90
59,000	Mercury Vapor	1,000	1,105	18.24	2.68

Post Top Luminaires

16,000	Sodium Vapor-Offset	150	199	\$ 13.38	\$ 0.48
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Off-Roadway Luminaires

27,500	Sodium Vapor	250	311	\$ 11.41	\$ 0.75
46,000	Sodium Vapor	400	488	16.14	1.18

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 26C
SUPERSEDING REVISED LEAF NO. 26C

SERVICE CLASSIFICATION NO. 4
PUBLIC STREET LIGHTING SERVICE (Continued)

RATE – FIVE PART – MONTHLY: (Continued)

(1) Luminaire Charges: (Continued)

<u>Nominal Lumens</u>	<u>Luminaire Type</u>	<u>Watts</u>	<u>Total Wattage</u>	<u>Distribution Charge</u>	<u>Transmission Charge</u>
<u>Post-Top Luminaires</u>					
4,000	Mercury Vapor	100	130	\$ 6.88	\$ 0.31
7,900	Mercury Vapor	175	215	8.52	0.52
7,900	Mercury Vapor – Off-Set	175	215	9.94	0.52

The above Transmission Charges apply to all customers taking Basic Generation Service from the Company. Transmission charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. Transmission charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1.

(2) Additional Charge:

- A. An additional \$11.14 per luminaire per month will be charged for existing Underground Service where the Company owns and maintains the entire facilities.
- B. An additional \$2.71 per luminaire per month will be charged for existing underground service where the customer has installed, owns and maintains the duct system complete, but not the aluminum standard or luminaire.
- C. An additional 30 ¢ per month will be charged for a fifteen foot bracket when installed.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 26D
SUPERSEDING REVISED LEAF NO. 26D

SERVICE CLASSIFICATION NO. 4
PUBLIC STREET LIGHTING SERVICE (Continued)

RATE – FIVE PART – MONTHLY: (Continued)

(3) Societal Benefits Charge

In accordance with the General Information Section 29, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.

The Societal Benefits Charge applies to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(4) Securitization Charges

In accordance with General Information Section 32, the Securitization Charges shall be assessed on all kWh delivered hereunder.

The Securitization Charges apply to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(5) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 28.

The Basic Generation Service charge applies to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

* See Monthly Burn Hours Table.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 26E
SUPERSEDING REVISED LEAF NO. 26E

SERVICE CLASSIFICATION NO. 4
PUBLIC STREET LIGHTING SERVICE (Continued)

RATE – FIVE PART – MONTHLY: (Continued)

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

Taxes apply to the kWh estimate in the following manner:

kWh = (Total wattage divided by 1,000) times Monthly Burn Hours*

* See Monthly Burn Hours Table

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 26F
SUPERSEDING REVISED LEAF NO. 26F

**SERVICE CLASSIFICATION NO. 4
PUBLIC STREET LIGHTING SERVICE (Continued)**

MINIMUM CHARGE PER LUMINAIRE:

The Minimum Charge Per Luminaire shall be the monthly charge as specified in RATE – FIVE PART – MONTHLY, Parts (1) and (2) times sixty months (five years). Should the monthly charge change during the Initial Term, the Minimum Charge Per Luminaire shall be prorated accordingly.

SPECIAL PROVISIONS:

- A. Charges to customers under revised or superseding Service Classification shall commence with the first day of billing period following effective date of such revised or superseding Service Classifications.
- B. Service to customer owned lighting facilities shall not be made under this Service Classification except for existing underground services where the customer has installed, owns and maintains the duct system complete, but not the aluminum standards or luminaires.
- C. A customer may apply for service hereunder for a proposed residential subdivision in which all electric facilities will be underground. Such application shall be signed by the customer and Builder or Developer and when accepted by the Company, shall constitute an agreement between the Company, customer and Builder or Developer subject to the terms and provisions hereunder. The Builder or Developer shall pay to the Company prior to the commencement of any construction all costs associated with the installation of the facilities to be serviced hereunder as described in General Information Section No. 15A and a prepayment of six times the total monthly charge for all luminaires installed. Said monthly charges shall be determined using the rates in effect at the time said costs and charges are determined. The Company shall not bill the customer for the first six months of service of the facilities installed under this provision.
- D. The customer shall furnish the Company with all easements or rights-of-way necessary to provide service to the desired location before any installation or construction will be started.
- E. The Company shall not be obligated to repair or replace in kind any obsolete luminaire for which it cannot reasonably obtain the necessary parts. The Company will remove the obsolete luminaire or, at the customer's request, replace it with any luminaire offered for service at that time for which the customer will be charged the appropriate rates.

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY

John D. McMahon, President
Saddle River, New Jersey 07458

REVISED LEAF NO. 26G
SUPERSEDING REVISED LEAF NO. 26G

**SERVICE CLASSIFICATION NO. 4
PUBLIC STREET LIGHTING SERVICE (Continued)**

SPECIAL PROVISIONS: (Continued)

- F. Upon not less than 30 days prior written notice to the Company, the customer may require that the lighting of any luminaire or luminaires be discontinued. The Company shall have the right to remove all facilities serving such luminaires. For each luminaire removed prior to five years of service the customer shall pay the difference between the Minimum Charge Per Luminaire and the amount actually paid pursuant to the applicable monthly charge specified in RATE – FIVE PART – MONTHLY, Parts (1) and (2).
- G. The Company shall have the right to remove any Company owned equipment, or to discontinue service to customer owned equipment, which in the opinion of the Company shall have become unsatisfactory for further service by reason of deterioration, civil commotion, state of war, explosion, fire, storm, flood, lightning, or any other cause reasonably beyond the Company's control. Replacement shall be limited to equipment considered appropriate by the Company at the date of re-installation.
- H. Upon termination of service hereunder the Company shall have the right within a reasonable time thereafter to remove all facilities placed, installed or used by it pursuant to the service hereunder.

Upon making such removal, the Company shall leave the public streets and places affected thereby in the same or as good condition as they were immediately thereto.

- I. If the Company is suitably notified of a lamp outage it will endeavor to restore service within 2 nights of said notice.

Should the Company be unable to restore service within 2 nights it shall make an allowance to the customer's bill as follows:

Total Applicable Nights = Total Outage Nights minus 2 Nights

Allowance = $\frac{\text{Total Applicable Nights} \times \text{Total Monthly Charge}}{\text{Total Nights in the Billing Period}}$

Applicable kWh = $\frac{\text{Total Applicable Nights} \times \text{Monthly Burn Hours} \times \text{Total Wattage}}{\text{Total Nights in the Billing Period} \times 1,000}$

Where the customer owns and is responsible for the maintenance of its Street Lighting system, no credit will be given for outages caused by defective customer equipment.

(Continued)

ISSUED:

EFFECTIVE:

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

LEAF NO. 26H

**SERVICE CLASSIFICATION NO. 4
PUBLIC STREET LIGHTING SERVICE (Continued)**

SPECIAL PROVISIONS: (Continued)

- J. As a condition of receiving service hereunder, the customer authorizes the Company, insofar as it lawfully may, to trim, cut, remove and to keep trimmed, cut and removed any trees and all other obstructions which, in the opinion of the Company, interfere with or may tend to interfere with the construction, operation and maintenance of the Company's service hereunder. Tree trimming required for light distribution on the highway, street and/or sidewalk surfaces is the responsibility of the customer, and shall be done by the customer or at the customer's expense.

- K. The Company shall not be required to replace more than two (2%) percent of the luminaires in any lighting district in any one year with one of a different type or design unless the customer shall pay to the Company a replacement charge for the excess based on the net book value of the facilities to be replaced. The net book value is defined as the original cost of the facility to be replaced less the accrued book depreciation on such facility at the time of replacement. Replacement is defined as renewed service at the same location by the same customer within one year of termination.

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 27
SUPERSEDING REVISED LEAF NO. 27

**SERVICE CLASSIFICATION NO. 5
RESIDENTIAL SPACE HEATING SERVICE**

APPLICABLE TO USE OF SERVICE FOR:

Sales and delivery of electric power supply provided by the Company or delivery of electric power supply provided by an electric generation supplier under the Company's Retail Access Program to residential customers, where electricity is a source of space heating subject to the conditions specified in "Special Provisions". All service at each residence shall be taken through one meter.

CHARACTER OF SERVICE:

Continuous, 60 cycle, A.C., from any of the following systems as designated by the Company:

- (a) Single phase at approximately 120, 120/208 or 120/240 volts.
- (b) Three phase four wire at approximately 120/208 volts in limited areas.

RATE – SIX PART – MONTHLY:

	<u>Summer Months*</u>	<u>Other Months</u>
(1) <u>Customer Charge</u>	\$3.88	\$3.88
(2) <u>Distribution Charge</u>		
First 250 kWh@	3.378 ¢ per kWh	3.378 ¢ per kWh
Next 450 kWh@	3.871 ¢ per kWh	3.378 ¢ per kWh
Over 700 kWh@	4.208 ¢ per kWh	3.945 ¢ per kWh

* Definition of Summer Billing Months
June through September

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 27A
SUPERSEDING REVISED LEAF NO. 27A

**SERVICE CLASSIFICATION NO. 5
RESIDENTIAL SPACE HEATING SERVICE (Continued)**

RATE – SIX PART – MONTHLY: (Continued)

(3) Transmission Charge

These charges apply to all customers taking Basic Generation Service from the Company. These charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. These charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1.

	<u>Summer Months*</u>		<u>Other Months</u>	
First 250 kWh@	0.794	¢ per kWh	0.794	¢ per kWh
Next 450 kWh@	0.794	¢ per kWh	0.794	¢ per kWh
Over 700 kWh@	0.794	¢ per kWh	0.794	¢ per kWh

(4) Societal Benefits Charge

In accordance with General Information Section 29, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.

(5) Securitization Charges

In accordance with General Information Section 32, the Securitization Charges shall be assessed on all kWh delivered hereunder.

(6) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 28.

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

* Definition of Summer Billing Months
June through September

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 27B
SUPERSEDING REVISED LEAF NO. 27B

**SERVICE CLASSIFICATION NO. 5
RESIDENTIAL SPACE HEATING SERVICE (Continued)**

MINIMUM CHARGE EACH CONTRACT EACH LOCATION:

\$3.88 monthly, not less than \$23.28 per contract.

TERMS OF PAYMENT:

Bills are due when rendered. If bill is not paid within fifteen days from date rendered, service may be disconnected after suitable written notice.

TERM:

Terminable at any time unless a specified period is required under a line extension agreement.

EXTENSION OF FACILITIES:

Where service is supplied from an extension the charges thereon shall be determined as provided in General Information.

SPECIAL PROVISIONS:

A. RESISTANCE HEATING EQUIPMENT

No new residential customers with electric resistance space heating equipment will be provided hereunder unless one of the following conditions is met:

- (1) The electric resistance heating equipment is supplementary to a heat pump system, energy storage system, or a system for which a renewable resource is the primary energy input;
- (2) The customer established that heat requirements will be seasonal in nature and thus electric resistance is the most economic heat source for the customer.

B. RELIGIOUS HOUSES OF WORSHIP

Service will also be furnished to a religious house of worship and adjacent buildings (other than school buildings which substitute for public education), owned by the customer and operated in connection therewith, provided, however, that if the buildings of any such customer are separated by a highway or highways, then the electricity delivered to each so separated shall not be combined with the electricity delivered to other buildings but shall be billed separately under rates as specified in the applicable service classification.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 27C
SUPERSEDING REVISED LEAF NO. 27C

**SERVICE CLASSIFICATION NO. 5
RESIDENTIAL SPACE HEATING SERVICE (Continued)**

SPECIAL PROVISIONS: (Continued)

C. SHORT TERM SERVICE

Customers desiring service under this schedule for less than six months, where service is already installed, shall pay in advance the contract minimum as specified under "Minimum Charge Each Contract Each Location" or under an applicable line extension agreement, or, if the estimated bill for two months or such shorter period as service may be desired exceeds the contract minimum, the Company reserves the right to request a deposit equal to this estimated bill. A part of a month shall be considered a full month for computing all charges hereunder.

D. BUDGET BILLING PLAN

Any customer taking service hereunder may, upon request, be billed monthly in accordance with the budget billing plan as provided for in General Information Section 6A of this tariff.

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 28
SUPERSEDING REVISED LEAF NO. 28

**SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE**

APPLICABLE TO USE OF SERVICE FOR:

Sales and delivery of electric power supply provided by the Company or delivery of electric power supply provided by an electric generation supplier under the Company's Retail Access Program for outdoor lighting of areas, beyond the limits of public streets, highways or roadways, for use of individuals and private or public organizations where existing distribution facilities are suitable for the service requested.

CHARACTER OF SERVICE:

Service supplied hereunder shall be for limited period, dusk-to dawn illumination, photoelectrically controlled, approximately 4,100 hours per year, approximately 60 cycle and at appropriate voltages or currents designated by the Company except as provided for under Service Type C, Energy Only Service.

The Company shall own, maintain and operate all facilities used to supply service hereunder except where noted.

A customer may elect either of the following types of service:

A. Overhead Service

Luminaires will be mounted on wood poles with the appropriate bracket using the Company's existing distribution facilities. (See Special Provisions A and B)

B. Underground Service

Luminaires will be mounted on poles of a type specified in the Company's most current standard for lighting poles for use in underground distribution systems. This service is only available, where the Company has an existing underground distribution system or is in the process of constructing one, for the purpose of lighting streets or roadways in developments where such streets or roadways will not be dedicated to a municipal authority. Customer shall pay to the Company the installed cost of all facilities required except for the bracket, luminaire and photo-electric control, prior to the commencement of construction of such facilities.

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY:

John D. McMahon, President
Saddle River, New Jersey 07458

SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)

CHARACTER OF SERVICE: (Continued)

C. Energy Only Service

Energy will be supplied to customers who have installed, own and will maintain all facilities necessary to provide outdoor lighting. Customer's lighting facilities shall not be mounted on Company owned facilities.

Service taken hereunder shall be measured by meters furnished, installed and maintained by the Company. The customer may request unmetered service for installations controlled by photoelectric devices of a type approved by the Company that will provide for approximately 4,100 hours of lighting per year. Customers taking unmetered service shall provide the Company advance notice in writing of any change in lighting equipment or in use of service supplied on an unmetered basis. The Company reserves the right at any time to meter service previously supplied on an unmetered basis. Service shall be continuous, 60 cycles, A.C. single or three phase secondary, if available, at approximately 120/208 Volts or 120/240 Volts.

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY:

John D. McMahon, President
Saddle River, New Jersey 07458

REVISED LEAF NO. 29
SUPERSEDING REVISED LEAF NO. 29

SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)

RATE - FOUR PART - MONTHLY:

(1) Distribution and Transmission Charges

(1a) Luminaire Charges for Service Types A and B:

<u>Nominal Lumens</u>	<u>Luminaire Type</u>	<u>Watts</u>	<u>Total Wattage</u>	<u>Distribution Charge</u>	<u>Transmission Charge</u>
<u>Power Bracket Luminaires</u>					
5,800	Sodium Vapor	70	108	\$ 3.24	\$ 0.22
9,500	Sodium Vapor	100	142	3.92	0.30
16,000	Sodium Vapor	150	199	4.27	0.42
<u>Street Lighting Luminaires</u>					
5,800	Sodium Vapor	70	108	\$ 4.44	\$ 0.22
9,500	Sodium Vapor	100	142	4.91	0.30
16,000	Sodium Vapor	150	199	6.08	0.42
27,500	Sodium Vapor	250	311	7.88	0.66
46,000	Sodium Vapor	400	488	12.96	1.04
<u>Flood lighting Luminaires</u>					
27,500	Sodium Vapor	250	311	\$ 7.88	\$ 0.66
46,000	Sodium Vapor	400	488	12.96	1.04

The following luminaires will no longer be installed. Charges are for existing luminaries only.

Power Bracket Luminaires

4,000	Mercury Vapor	100	127	\$ 4.96	\$ 0.27
7,900	Mercury Vapor	175	215	5.84	0.46
22,500	Mercury Vapor	400	462	9.51	0.98

Post Top Luminaires

16,000	Sodium Vapor-Offset	150	199	\$ 11.65	\$ 0.42
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(Continued)

ISSUED:

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

REVISED LEAF NO. 29A
SUPERSEDING REVISED LEAF NO. 29A

**SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)**

RATE – FOUR PART – MONTHLY: (Continued)

(1) Distribution and Transmission Charges (Continued)

(1a) Luminaire Charges for Service Types A and B: (Continued)

<u>Nominal Lumens</u>	<u>Luminaire Type</u>	<u>Watts</u>	<u>Total Wattage</u>	<u>Distribution Charge</u>	<u>Transmission Charge</u>
<u>Street Lighting Luminaires</u>					
4,000	Mercury Vapor	100	127	\$ 5.44	\$ 0.27
7,900	Mercury Vapor	175	211	6.32	0.45
22,500	Mercury Vapor	400	459	10.04	0.97
1,000	Incandescent	-	92	4.40	0.19
2,500	Incandescent	-	189	5.79	0.40
<u>Flood lighting Luminaires</u>					
12,000	Mercury Vapor	250	296	\$ 8.00	\$ 0.63
40,000	Mercury Vapor	700	786	14.88	1.67
59,000	Mercury Vapor	1,000	1,105	18.73	2.34

(1b) Distribution and Transmission Charges for Service Type C:

Metered Service - Customer Charge at \$7.50 per month plus Distribution Charge at 4.222 cents per kWh, and a Transmission Charge of 0.621 ¢ per kWh; or

Unmetered Service - Customer Charge at \$1.56 per month plus Distribution Charge at 4.222 cents per kWh, and a Transmission Charge of 0.621 ¢ per kWh.

The above Transmission Charges apply to all customers taking Basic Generation Service from the Company. Transmission charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. Transmission charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 29B
SUPERSEDING REVISED LEAF NO. 29B

**SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)**

RATE – FOUR PART – MONTHLY: (Continued)

(2) Societal Benefits Charge

In accordance with General Information Section 29, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder. For service type A, B, or C if not metered, the Societal Benefits Charge shall be applied to the kWh estimated as follows:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(3) Securitization Charges

In accordance with General Information Section 32, the Securitization Charges shall be assessed on all kWh delivered hereunder. For service type A, B, or C if not metered, the Securitization Charges shall be applied to the kWh estimated as follows:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(4) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 28. For service type A, B, or C if not metered, the Basic Generation Service charge shall be applied to the kWh estimated as follows:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

Taxes apply to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

* See Monthly Burn Hours Table.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 29C
SUPERSEDING REVISED LEAF NO. 29C

SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)

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ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 29C-1
SUPERSEDING REVISED LEAF NO. 29C-1

SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)

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ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 29D
SUPERSEDING REVISED LEAF NO. 29D

**SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)**

MONTHLY BURN HOURS TABLE:

January	430	July	267
February	361 *	August	298
March	358	September	328
April	302	October	383
May	277	November	407
June	249	December	440

* 373 Burning Hours for Leap Year

MINIMUM CHARGE:

The minimum charge per luminaire for Service Type A or B shall be the sum of the monthly Distribution and Transmission Charges as specified in RATE – FOUR PART – MONTHLY, Part (1a) times twelve. Should the monthly charge be revised during the initial term, the minimum charge per installation shall be prorated accordingly.

The minimum charge for Service Type C - Metered shall be \$7.50 per month and not less than \$90.00 for the initial term.

The minimum charge for Service Type C - Unmetered shall be \$1.56 per month and not less than \$18.72 for the initial term.

TERM:

The Initial Term shall be one year. Service shall continue in effect thereafter until canceled by either party upon thirty days written notice. The Company shall require an Initial Term of one year for each luminaire for Service Types A or B.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 29E
SUPERSEDING REVISED LEAF NO. 29E

SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)

TERMS OF PAYMENT:

Bills are due when rendered. If the bill is not paid within fifteen days from date rendered, service may be discontinued after suitable written notice.

SPECIAL PROVISIONS:

Special Provisions A, B, D, E, F, and J apply only to Service Types A and B. Special Provision K applies only to Service Type C. Special Provisions C, G, H, and I apply to Service Types A, B, and C.

- A. Street lighting luminaires will normally be mounted on eight foot aluminum brackets. Fifteen foot brackets are available at an additional charge of \$0.30 per bracket per month.
- B. Luminaires will be installed free of charge where all facilities necessary to serve a luminaire are present. Customer shall pay the cost of any additional facilities required, prior to the commencement of the construction of such facilities.
- C. The customer shall furnish the Company with all easements or rights-of-way necessary to provide service to the desired location before any installation or construction will be started.
- D. A customer may apply for service hereunder for a proposed residential subdivision in which all electric facilities will be underground. Such application shall be signed by the customer and builder or developer and when accepted by the Company, shall constitute an agreement between the Company, customer and builder or developer subject to the terms and provisions hereunder.

The builder or developer shall pay to the Company prior to the commencement of any construction all costs associated with the installation of the facilities to be serviced hereunder and shall prepay six times the total monthly charge for all luminaires installed. Said monthly charges shall be determined using the rates in effect at the time said costs and charges are determined. The Company shall not bill the customer for the first six months of service of the facilities installed under this special provision.

- E. The Company shall not be obligated to repair or replace in kind any obsolete luminaire for which it cannot reasonably obtain the necessary parts. The Company will remove the obsolete luminaire or at the customer's request, replace it with any luminaire offered for service at that time for which the customer will be charged the appropriate rates.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 29F
SUPERSEDING REVISED LEAF NO. 29F

**SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)**

SPECIAL PROVISIONS: (Continued)

- F. Upon not less than 30 days prior written notice to the Company, the customer may require that the lighting of any luminaire or luminaires be discontinued. The Company shall have the right to remove all facilities serving such luminaires. For each luminaire removed prior to one year of service the customer shall pay the difference between the Minimum Charge and the amount actually paid pursuant to the applicable monthly charge specified in RATE – FOUR PART – MONTHLY, Part (1).
- G. The Company shall have the right to remove any Company owned equipment, or to discontinue service to customer owned equipment, which in the opinion of the Company shall have become unsatisfactory for further service by reason of deterioration, civil commotion, state of war, explosion, fire, storm, flood, lightning, or any other cause reasonably beyond the Company's control. Replacement shall be limited to equipment considered appropriate by the Company at the date of re-installation.
- H. Upon termination of service hereunder the Company shall have the right within a reasonable time thereafter to remove all facilities placed, installed or used by it pursuant to the service hereunder.

Upon making such removal, the Company shall leave the places affected thereby in the same or as good condition as they were immediately thereto.

- I. As a condition of receiving service hereunder, the customer authorizes the Company, insofar as it lawfully may, to trim, cut, remove and to keep trimmed, cut and removed any trees and all other obstructions which, in the opinion of the Company interfere with or may tend to interfere with the construction, operation and maintenance of the Company's service hereunder. Tree trimming required for proper light distribution shall be the responsibility of the customer and shall be done by the customer or at the customer's expense.
- J. If the Company is suitably notified of a lamp outage it will endeavor to restore service within 2 nights of said notice. Should the Company be unable to restore service within 2 nights, it shall make an allowance to the customer's bill as follows:

Total Applicable Nights = Total Outage Nights minus 2 Nights

Allowance = $\frac{\text{Total Applicable Nights} \times \text{Total Monthly Charge}}{\text{Total Nights in the Billing Period}}$

Applicable kWh = $\frac{\text{Total Applicable Nights} \times \text{Monthly Burn Hours} \times \text{Total Wattage}}{\text{Total Nights in the Billing Period} \times 1,000}$

(Continued)

ISSUED:

EFFECTIVE:

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

LEAF NO. 29G

SERVICE CLASSIFICATION NO. 6
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)

SPECIAL PROVISIONS: (Continued)

- K. Customers taking Energy Only Service which will be controlled by photoelectric devices, shall provide to the Company, prior to installation of any luminaire, the manufacturer's specifications for the luminaire and such other information the Company shall require in order to determine the electrical demands of the luminaires. Customers shall make no changes to the luminaires installed without providing thirty days' written notice to the Company.

ISSUED:

EFFECTIVE:

ISSUED BY

John D. McMahon, President
Saddle River, New Jersey 07458

REVISED LEAF NO. 30
SUPERSEDING REVISED LEAF NO. 30

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE**

APPLICABLE TO USE OF SERVICE FOR:

Sales and delivery of electric power supply provided by the Company or delivery of electric power supply provided by an electric generation supplier under the Company's Retail Access Program to primary service customers who maintain a minimum demand of 1,000 kW during any two of the previous twelve months and provide all equipment required to take service at a primary voltage as designated by the Company. A customer who does not maintain a demand of at least 1,000 kW during any two of the previous twelve months, may, at the customer's option transfer to another Service Classification provided that such transfer shall only be made on an annual anniversary date that such customer began service hereunder; and

Any customer who operates a qualifying facility, as defined below, and who requires supplemental, auxiliary or standby service to be supplied by the Company. The term "qualifying facility" shall mean a generating facility that meets the qualifying facility requirements established by the Federal Energy Regulatory Commission's rules (18 CFR Part 292) implementing the Public Utility Regulatory Policies Act of 1978.

All service at one location shall be taken through one meter except that service taken under Special Provision B shall be separately metered.

CHARACTER OF SERVICE:

Continuous, 60 cycles, A.C., single or three phase secondary at approximately 120/208, 120/240 volts, and 277/480 volts where available; or three phase primary at approximately 2400/4160 and 7620/13200 Volts Wye, 13000 and 34500 Volts Delta, and in limited areas 2400 Volts or 4800 Volts Delta, depending upon the magnitude and characteristics of the load and the circuit from which service is supplied.

RATE – SEVEN PART – MONTHLY:

(1) <u>Customer Charge</u>		\$147.94
(2) <u>Distribution Charges</u>		
<u>Demand Charge</u>		
Period I	All kW @	\$2.11 per kW
Period II	All kW @	\$0.52 per kW
Period III	All kW @	\$1.94 per kW
Period IV	All kW @	\$0.52 per kW

(Continued)

ISSUED:

EFFECTIVE:

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

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

RATE – SEVEN PART – MONTHLY: (Continued)

(2) Distribution Charges (Continued)

Usage Charge

Period I	All kWh @	1.764 ¢ per kWh
Period II	All kWh @	1.388 ¢ per kWh
Period III	All kWh @	1.764 ¢ per kWh
Period IV	All kWh @	1.388 ¢ per kWh

(3) Transmission Charges

These charges apply to all customers taking Basic Generation Service from the Company. These charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. These charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1.

Demand Charge

Period I	All kW @	\$1.92 per kW
Period II	All kW @	\$0.50 per kW
Period III	All kW @	\$1.74 per kW
Period IV	All kW @	\$0.50 per kW

Usage Charge

Period I	All kWh @	0.366 ¢ per kWh
Period II	All kWh @	0.366 ¢ per kWh
Period III	All kWh @	0.366 ¢ per kWh
Period IV	All kWh @	0.366 ¢ per kWh

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 31A
SUPERSEDING REVISED LEAF NO. 31A

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

RATE – SEVEN PART – MONTHLY: (Continued)

(4) Societal Benefits Charge

In accordance with General Information Section 29, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.

(5) Securitization Charges

In accordance with General Information Section 32, the Securitization Charges shall be assessed on all kWh delivered hereunder.

(6) Default Supply Service Availability Charge

In accordance with General Information Section 28A, a Default Supply Service Availability Charge shall be assessed on all kWh delivered hereunder.

(7) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 28.

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 32
SUPERSEDING REVISED LEAF NO. 32

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

MINIMUM MONTHLY CHARGE:

The Customer Charge.

DEFINITION OF RATING PERIODS:

- Period I - 10:00 a.m. to 10:00 p.m. prevailing time, Monday through Friday except holidays, June through September.
- Period II - 10:00 p.m. to 10:00 a.m. prevailing time, Monday through Friday and all hours on Saturday, Sunday and holidays, June through September.
- Period III - 10:00 a.m. to 10:00 p.m. prevailing time, Monday through Friday except holidays, October through May.
- Period IV - 10:00 p.m. to 10:00 a.m. prevailing time, Monday through Friday, all hours on Saturday, Sunday and holidays, October through May.

For the purposes of this section holidays are: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

DETERMINATION OF DEMAND:

The billing demand, for each of the rating periods above, shall be defined as the highest 15-minute integrated kW demand determined during each rating period by the use of a suitable demand indicator, but not less than 90% of the kVA demand.

(Continued)

ISSUED:

EFFECTIVE

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

REVISED LEAF NO. 33
SUPERSEDING REVISED LEAF NO. 33

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

TERMS OF PAYMENT:

Bills are due when rendered. If bill is not paid within fifteen days from date rendered, service may be discontinued after suitable written notice.

TERM:

The initial term shall be one year unless the Company requires a longer initial term where special construction is required to furnish service. Thereafter, service is terminable upon ninety days written notice.

Termination by the customer followed by renewed service at the same location under another service classification will only be permitted on the anniversary of the date service commenced hereunder.

SPECIAL PROVISIONS:

A. CURTAILABLE SERVICE

All customers taking service hereunder are eligible to take service under the Interruptible Service Rider as set forth beginning on Leaf No. 18C.

B. SPACE HEATING

Customers who take service under this classification for 10 kW or more of permanently installed space heating equipment may elect to have the electricity for this service billed separately. All monthly use shall be billed at a Distribution Charge of 2.357 ¢ per kWh during the billing months of October through May and 3.650 ¢ per kWh during the summer billing months and a Transmission Charge of 0.552 ¢ per kWh during all billing months.

When this option is requested it shall apply for at least 12 months and shall be subject to a minimum charge of \$26.96 per year per kW of space heating capacity. This provision applies for both heating and cooling where the two services are combined by the manufacturer in a single self-contained unit.

All usage under this Special Provision shall also be subject to Parts (4), (5), (6), and (7) of RATE – SEVEN PART – MONTHLY.

(Continued)

ISSUED:

EFFECTIVE:

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

REVISED LEAF NO. 33A
SUPERSEDING REVISED LEAF NO. 33A

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

SPECIAL PROVISIONS: (Continued)

C. BUDGET BILLING PLAN

Any condominium association or cooperative housing corporation who takes service hereunder and any other customer taking service under Special Provision B of this Service Classification may, upon request, be billed monthly in accordance with the budget billing plan provided for in General Information Section 6A of this tariff.

D. STANDBY SERVICE

Standby Service will be furnished when and where available to customers with on-site generation equipment or other source of electric service under the following conditions:

1. Customer's on-site generation or other source of electric service equipment meets the requirements of Section 201 and Section 210 of the Public Utilities Regulatory Policies Act and regulations promulgated thereunder for a qualifying facility.
2. The customer agrees to abide by all provisions of the Company's "Operating, Metering, and Equipment Protection Requirements for Parallel Operation of Generating Facilities."
3. The customer shall pay for any special metering costs. Special metering costs shall be defined as the total cost of metering less the cost of metering for service under this Service Classification for customers without on-site generation.
4. The standby capacity for a customer whose total generation capacity (nameplate ratings) is greater than said customer's total demand requirements shall be the amount of standby capacity, in kW, requested by said customer but not less than said customer's maximum demand as metered by the Company in any previous month. The standby capacity for all other customers shall be the nameplate rating, in kW, of all the customer's generation facilities interconnected with the Company's system, as determined by the Company.
5. The customer shall notify the Company of all changes in customer's generating facilities prior to making such changes and shall allow the Company's representatives access to those facilities for purposes of inspection and redetermination of the standby capacity.
6. Customer shall pay to the Company a standby capacity charge of \$1.55 per kW of standby capacity per month. The standby capacity charge will be included in customer's bill for service rendered under this Service Classification.

(Continued)

ISSUED:

EFFECTIVE:

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

LEAF NO. 33B

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

SPECIAL PROVISIONS: (Continued)

D. STANDBY SERVICE (Continued)

7. The billing demand for each rating period shall be determined as follows:
 - a. In any billing period where the availability factor of customer's facilities is less than 50 percent, the billing demand shall be as provided for in the provision entitled "DETERMINATION OF DEMAND" and the customer shall be excused from paying the standby capacity charge;
 - b. In any billing period where the availability factor of customer's facilities is 50 percent or greater, the billing demand shall be the billing demand as provided for in the provision entitled "DETERMINATION OF DEMAND" minus the customer's standby capacity;
 - c. In any billing period where the availability factor of customer's facilities is greater than 90 percent, the billing demand shall be the billing demand as provided for in the provision entitled "DETERMINATION OF DEMAND" minus the customer's standby capacity and customer shall be excused from paying the standby capacity charge; and
 - d. In no event shall the billing demand for any rating period be less than zero kW.
8. For purposes of item 7 above, the availability factor of customer's facilities shall be defined as the total energy (in kWh) produced by the facilities in the six month period ended with the current billing period (less the energy produced during mutually agreed upon maintenance periods) divided by (i) the number of hours in that period (less the number of hours in the mutually agreed upon maintenance periods) and (ii) the customer's standby capacity. The availability factor shall be so determined for each rating period as defined above in the provision entitled "DEFINITION OF RATING PERIODS". Rating periods 1 and 3 and rating periods 2 and 4 shall be considered as the same rating periods for purposes of determining the availability factor. During each of the first five billing periods for each customer, the availability factor shall be determined using the data that are available since the customer first commenced service hereunder.

ISSUED:

EFFECTIVE:

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

ROCKLAND ELECTRIC COMPANY**Summary of Total Revenue Impacts**

<u>Service Classification</u>	<u>Total Sales (MWh)</u>	<u>Total Current Revenue (\$000s)</u>	<u>Total Proposed Revenue (\$000s)</u>	<u>Change (\$000s)</u>	<u>Percent Change</u>
SC1	734,490	\$87,068.4	\$90,108.2	\$3,039.9	3.49%
SC2	700,541	77,169.8	79,841.8	2,672.0	3.46%
SC3	306	31.5	32.5	0.9	2.91%
SC4	6,806	915.7	1,035.2	119.5	13.05%
SC5	19,353	2,166.4	2,248.0	81.6	3.77%
SC 6 Dusk to Dawn	3,334	402.6	447.1	44.5	11.04%
SC 6 Energy Only	<u>2,149</u>	<u>227.5</u>	<u>237.4</u>	<u>9.9</u>	4.36%
SC 6 Total	5,483	630.1	684.5	54.4	8.63%
SC7 ⁽¹⁾	<u>198,690</u>	<u>18,445.9</u>	<u>18,882.9</u>	<u>437.0</u>	2.37%
	1,665,669	\$186,427.7	\$192,833.0	\$6,405.3	3.44%
Proposed Revenue Requirement				\$6,400.0	
Over/(Under)				\$5.3	

Note: (1) An estimated electric supply cost for SC 7 retail access customers has been included in total revenue.

ROCKLAND ELECTRIC COMPANY
DEPRECIATION RATES

FERC ACCT	ACCOUNT TITLE	LIFE TABLE	AVERAGE SERVICE LIFE	NET SALVAGE	Annual Rate
<u>INTANGIBLE PLANT</u>					
301000	ORGANIZATION				
302000	FRANCHISE & CONSENTS	-			
303820	NJ REAL TIME PRICING	(A)		-	Amort
<u>TRANSMISSION PLANT</u>					
350000	LAND - EASEMENTS				
350100	LAND & LAND RIGHTS - FEE	-	-	-	
352000	STRUCTURES & IMPROVEMENTS	h 2.0	50	-	2.00
353000	STATION EQUIPMENT	h 1.5	35	-	2.86
354000	TOWERS AND FIXTURES-WOOD/STEEL	h 3.0	60	-	1.67
355000	POLES AND FIXTURES	h 3.0	50	-	2.00
356000	OH CONDUCTOR AND DEVICES	h 2.0	60	-	1.67
356100	OH COND & DEV - CLEARING	h 2.0	60	-	1.67
357000	UNDERGROUND CONDUIT	h 2.0	50	-	2.00
358000	UG CONDUCTOR AND DEVICES	h 3.5	30	-	3.33
358100	UG COND & DEV - CLEARING	h 3.5	30	-	3.33
359000	ROADS AND TRAILS	h 3.0	60	-	1.67
<u>DISTRIBUTION PLANT</u>					
360000	LAND - EASEMENTS	-	-	-	
360100	LAND & LAND RIGHTS - FEE	-	-	-	
361000	STRUCTURES & IMPROVEMENTS	h 3.0	65	-	1.54
362000	STATION EQUIPMENT	h 1.5	45	-	2.22
364000	POLES, TOWERS & FIXTURES	h 1.5	50	-	2.00
365000	OH CONDUCTOR & DEVICES	h 1.5	55	-	1.82
365100	OH COND & DEV - CAPACITORS	h 1.5	30	-	3.33
366000	UNDERGROUND CONDUIT	h 2.0	55	-	1.82
367000	UG CONDUCTOR AND DEVICES	h 1.5	55	-	1.82
367100	UG COND & DEV - CABLE CURE	h 1.5	55	-	1.82
368000	TRANSFORMERS - OH & UG	h 1.0	40	-	2.50
369100	SERVICES - OVERHEAD	h 2.0	50	-	2.00
369200	SERVICES - UNDERGROUND	h 2.5	50	-	2.00
370100	METER PURCHASES	h 1.0	50	-	2.00
370200	METER INSTALLATIONS	h 1.0	50	-	2.00
370300	DEMAND REC & PURCHASES	h 1.0	50	-	2.00
370600	SURGE PROTECTORS	h 1.5	15	-	6.67
371000	INST ON CUSTOMER PREM	h 2.0	40	-	2.50
373100	STREETLIGHTING - OH	h 1.0	35	-	2.86
373200	STREETLIGHTING - UG	h 1.0	35	-	2.86

10/10/10

ROCKLAND ELECTRIC COMPANY
DEPRECIATION RATES

FERC ACCT	ACCOUNT TITLE	LIFE TABLE	AVERAGE SERVICE LIFE	NET SALVAGE	Annual Rate
<u>PLANT HELD FOR FUTURE USE</u>					
357069	UNDERGROUND CONDUIT	h 2.0	50		2.00
361009	STRUCTURES & IMPROVEMENTS	h 3.0	65		1.54
<u>GENERAL PLANT</u>					
389100	LAND & LAND RIGHTS - FEE	-	-		
390000	STRUCTURES & IMPROVEMENTS	h 1.5	55	-	1.82
390103	STRUCT & IMP - SADDLE RIVER	(A)	-	-	Amort
391100	OFFICE FURN & EQ - FURNITURE	h 1.0	25	-	4.00
391200	OFFICE FURN & EQ - MACHINES	h 0.5	20	-	5.00
391700	OFFICE FURN & EQ - EDP EQUIP	h 1.5	8	-	12.50
392100	TRANSPORTATION EQ - CARS	h 2.0	7	-	14.29
392200	TRANS EQ - LIGHT TRUCKS	h 2.0	7	-	14.29
392300	TRANS EQ - HEAVY TRUCKS	h 3.0	10	-	10.00
392400	TRANS EQ - TRAILERS	h 3.0	10	-	10.00
393000	STORES EQUIPMENT	h 1.5	25	-	4.00
394000	TOOLS & WORK EQUIPMENT	h 1.5	20	-	5.00
394200	GARAGE EQUIPMENT	h 2.0	30	-	3.33
395000	LABORATORY EQUIPMENT	h 1.5	30	-	3.33
396000	POWER OPERATED EQUIPMENT	h 2.5	20	-	5.00
397000	COMMUNICATION EQUIPMENT	h 1.5	20	-	5.00
97100	COM EQ - TELE. SYS. COMPUTER	h 1.5	8	-	12.50
97200	COM EQ - TELEPHONES	h 1.5	20	-	5.00
98000	MISCELLANEOUS EQUIPMENT	h 1.5	25	-	4.00
<u>UNALLOCATED RESERVE AMORTIZATIONS (ANNUAL AMOUNT) *</u>					
19010	AMORTIZATION UNALLOCATED RESERVE				\$ (1,176,000)
19020	AMORTIZATION UNALLOCATED C.O.R. RESERVE				(876,615)
9030	CURRENT PROVISION FOR COST OF REMOVAL				365,000
9040	NET SALVAGE DEFICIENCY (76 MONTH AMORT.)				147,385

NEGATIVE AMOUNTS ARE REDUCTIONS TO THE RESERVE BALANCE, POSITIVE NUMBERS ARE INCREASES TO THE DEPRECIATION RESERVE.