



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

DIVISION OF ENERGY AND  
OFFICE OF CLEAN  
ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF )  
ROCKLAND ELECTRIC COMPANY FOR APPROVAL )  
OF A LOW INCOME AUDIT AND DIRECT INSTALL )  
ENERGY EFFICIENCY PROGRAM AND ASSOCIATED )  
RATE RECOVERY MECHANISM ("LOW INCOME III )  
PROGRAM") )  
PREHEARING ORDER WITH  
PROCEDURAL SCHEDULE  
DOCKET NO. ER17080869

**Parties of Record:**

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

BY COMMISSIONER UPENDRA J. CHIVUKULA:

**BACKGROUND**

On January 13, 2008, L. 2007, c. 340 ("Act") was signed into law based on the New Jersey Legislature's findings that energy efficiency and conservation measures must be essential elements of the State's energy future, and that greater reliance on energy efficiency and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. N.J.S.A. 26:2C-45.

Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1 (a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the New Jersey Board of Public Utilities ("Board"), including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas public utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.

## Low Income Audit I Program Petition

By Order<sup>1</sup> dated November 23, 2009, the Board approved Rockland Electric Company's ("RECO" or "Company") Energy Efficiency Stimulus Program ("EES Program") with three energy efficiency components ("Sub-Programs") to be implemented for a one-year period ending December 31, 2010. The Sub-Programs included: (1) a Residential Enhanced Rebate Sub-Program, which provided enhanced rebates to induce residential energy consumers to select energy efficiency measures; (2) an On-Line Energy Audit Sub-Program ("On-Line Sub-Program"), where the Company selected a vendor to create software so the customers could conduct an on-line energy audit and cost/benefit analysis using their billing information from the Company's billing database; and (3) a Low Income Audit and Install Sub-Program ("Low Income Audit I Program") where the Company selected a vendor to provide its low income customers with an energy audit and energy efficiency measures at no cost to the customer. The total budget for EES Program expenditures approved by the Board was \$990,250, consisting of program investments of \$859,250 and operating and maintenance expenses of \$131,000. Cost recovery related to the Sub-Programs was to be through a component of RECO's Regional Greenhouse Recovery Surcharge ("RGGI Surcharge").

The Low Income Audit I Program approved by the Board increased the funding levels for energy efficiency measures from a cap of \$2,000 per household as proposed by the Company to a cap of \$6,500 to be consistent with increased funding levels for the NJ Comfort Partners Program. In addition, eligibility requirements were expanded to include not only Universal Service Fund Program participants but also households with an income level at or below 225% of the federal poverty guidelines and customers who receive federal Supplemental Security Income, Home Energy Assistance, Lifeline, Pharmaceutical Assistance to the Aged and Disabled, and Temporary Assistance to Needy Families or Section 8 Housing.

By Order<sup>2</sup> dated March 30, 2011, the Board approved the extension of Sub-Programs through December 31, 2011 or until all budgeted funds were expended, whichever occurred first, with a close-out period to end on March 31, 2012. By Order<sup>3</sup> dated March 12, 2012, the Board approved a further extension through December 31, 2012 or until all budgeted funds were expended, whichever occurred first, for the Low Income Audit I Program.

By Order<sup>4</sup> dated March 20, 2013 ("March 2013 Order"), the Board approved a stipulation that further extended the Low Income Audit I Program through December 31, 2013 or until all budgeted funds were expended, whichever occurred first. In the stipulation, the Company agreed to complete any close-out activities under the extended program by March 31, 2014. RECO also agreed to submit a filing pursuant to N.J.S.A. 48:3-98.1 in compliance with the

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<sup>1</sup> In the Matter of Energy Efficiency Program and Associated Cost Recovery Mechanisms and In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Cost Recovery, BPU Docket Nos. EO09010056 and EO09010061 (November 23, 2009).

<sup>2</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery – Extension Request, BPU Docket No. EO10120987 (March 30, 2011).

<sup>3</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery – Extension Request, BPU Docket No. EO12020115 (March 12, 2012).

<sup>4</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery – Extension Request, BPU Docket No. EO12121073 (March 20, 2013).

Minimum Filing Requirements set out in Appendix A of the Board's May 12, 2008 Order in Docket Number EO08030164 within ninety days of the effective date of the March 2013 Order. The filing would propose a new energy efficiency program with detailed sub-program information that would replace the existing Low Income Program, if approved by the Board.

#### Low Income Audit I Program II Petition

On June 21, 2013, in compliance with the March 2013 Order, the Company made the requisite filing with the Board seeking approval to administer a three-year EES Program ("Low Income Audit II Program") and to recover program costs and revenue requirements through the Company's RGGI Surcharge pursuant to N.J.S.A. 48:3- 98.1.

By Order<sup>5</sup> dated April 23, 2014, the Board approved a stipulation that approved the Low Income Audit II Program, but reduced its proposed term from three years to two years. The Low Income Audit II Program commenced January 1, 2015 and terminated December 31, 2016.

#### Low Income Audit I Program III Petition

On August 9, 2017, RECO filed the instant petition with the Board. In the filing, the Company requested Board authorization to implement its proposed Low Income Audit and Direct Install Energy Efficiency III Program ("Low Income Audit III Program").

RECO stated that the Low Income Audit III Program is a continuation of the Low Income Audit II Program, with certain modifications. As proposed, the program will target participation by 100 eligible customers in each year of the two-year life of the program. The Company outlined a number of strategies to achieve expanded enrollment and energy savings. The total projected cost of the Low Income Audit III Program is approximately \$455,400 over the two year program period. Approximately \$356,000 remains from the Low Income Audit II Program because average participation and measure spending was lower than projected. RECO requested the Board approve the use of those funds and an additional \$100,000 for the Low Income Audit III Program.

In addition, the Company requested approval of rate recovery of all costs through its RGGI Surcharge, totaling \$455,400, with the carrying charge on its deferred balances for the Low Income Audit III Program based on the overall weighted average cost of capital as authorized by the Board in its most recent base rate case (7.47%).<sup>6</sup>

By Order dated September 22, 2017<sup>7</sup>, the Board determined that this matter should be retained by the Board for review and hearing and, as authorized by N.J.S.A. 48:2-32, designated the undersigned as the presiding officer, who is authorized to rule on all motions that arise during the proceeding and modify any schedule that may be set as necessary to secure just and expeditious determination of the issues. In this Order, the Board also directed that any entities

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<sup>5</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery, BPU Docket No. ER13060535 (April 24, 2014).

<sup>6</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of Changes in Electric Rates, Its Tariff for Electric Services, and Its Depreciation Rates; Approval of an Advanced Metering Program; and for Other Relief, BPU Docket No. ER16050428 (February 22, 2017).

<sup>7</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of a Low Income Audit and Direct Install Energy Efficiency Program and Associated Rate Recovery Mechanism ("Low Income III Program"), BPU Docket No. ER17080869 (September 22, 2017).

seeking to intervene or participate in this matter file the appropriate application with the Board by October 17, 2017.

Board Staff circulated a proposed procedural schedule to RECO and the New Jersey Division of Rate Counsel ("Rate Counsel"). Both RECO and Rate Counsel provided feedback, and the schedule was finalized on November 2, 2017. The procedural schedule is attached as Appendix A.

## **PREHEARING ORDER**

### **1. NATURE OF PROCEEDINGS AND ISSUES TO BE RESOLVED**

Through this proceeding, RECO seeks approval to implement and administer its Low Income Audit III Program pursuant to N.J.S.A. 48:3-98.1, which includes carryover of \$356,000 from the Low Income Audit II Program and an additional \$100,000. RECO also seeks approval of rate recovery of all costs through its RGGI Surcharge, totaling \$455,000, with the carrying charge on its deferred balances for the Low Income Audit III Program based on the overall weighted average cost of capital as authorized by the Board at its most recent base case (7.47%).

#### **A. Issues to be Resolved**

- 1) The cost effectiveness and cost efficiency of the activities and programs of the proposed RECO Low Income III program; and
- 2) The reasonableness and lawfulness of the proposed cost recovery mechanism

### **2. PARTIES AND THEIR DESIGNATED ATTORNEYS OR REPRESENTATIVES**

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No change in designated trial counsel shall be made without leave if such change will interfere with the dates for hearings. If no specific counsel is set forth in this Order, any partner or associate may be expected to proceed with evidentiary hearings on the agreed dates.

**3. SPECIAL LEGAL REQUIREMENTS AS TO NOTICE OF HEARING**

Pursuant to N.J.S.A. 48:2-32.6, public hearings will be held in the Company's service territory after publication of notice in newspapers of general circulation in RECO's service territory. Two (2) public hearings will be held on November 29, 2017 at 4:30 p.m. and 5:30 p.m. in Mahwah.

**4. SCHEDULE OF HEARING DATES, TIME AND PLACE**

Evidentiary hearings will be held on February 8 & 9, 2018 beginning at 10:00 AM each day, at 44 South Clinton Avenue, Trenton, New Jersey.

**5. STIPULATIONS**

None at this time.

**6. SETTLEMENT**

Parties are encouraged to engage in settlement discussion. Notice should be provided to all parties of any settlement discussions for the preparation of an agreement to resolve the issues in the case.

**7. AMENDMENTS TO PLEADINGS**

None at this time.

**8. DISCOVERY AND DATE FOR COMPLETION**

The time limits for discovery shall be in accordance with N.J.A.C. 1:1-10.4 or as provided in Exhibit A.

## **9. ORDER OF PROOFS**

RECO has the burden of proof. The hearings will be conducted by topic (see point 12, below); within each topic, the hearings will be conducted in the following order:

First – RECO

Second – Rate Counsel

Third – Board Staff

## **10. EXHIBITS MARKED FOR IDENTIFICATION**

None at this time.

## **11. EXHIBITS MARKED IN EVIDENCE**

None at this time.

## **12. ESTIMATED NUMBER OF FACT AND EXPERT WITNESSES**

RECO will present the following two (2) witnesses: Donald Kennedy and John de la Bastide. Additional witnesses may be identified by RECO as necessary for purposes of rebuttal or sur-rebuttal.

Rate Counsel will present the following two (2) witnesses: Ezra Hausman and Robert Henkes. Additional witnesses may be identified by Rate Counsel as necessary for purposes of testimony.

Any party substituting witnesses shall identify such witnesses within five (5) days of determining to replace a witness, and in no event later than five (5) days before filing of testimony of a substitute witness. All direct testimony will be pre-filed, and all witnesses submitting pre-filed direct testimony will be subject to cross examination at evidentiary hearings, which will be conducted by topic (e.g., program elements, revenue requirements, and so forth).

## **13. MOTIONS**

No party moved to participate or intervene prior to the October 17, 2017 bar date.

## **14. SPECIAL MATTERS**

None at this time.

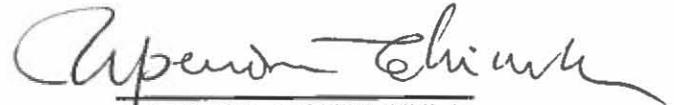
## **DISCUSSION**

I have reviewed the proposal for a procedural schedule, after giving due consideration to the positions of Staff, Rate Counsel, and the Company. I **HEREBY ISSUE** the attached as the Prehearing Order, along with the procedural schedule identified as Appendix A and **HEREBY DIRECT** the parties to comply with its terms.

This provisional ruling is subject to ratification or other alteration by the Board as it deems appropriate during the proceedings in this matter.

DATED: 11/8/2017

BY:



UPENDRA J. CHIVUKULA  
COMMISSIONER

IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR  
APPROVAL OF A LOW INCOME AUDIT AND DIRECT INSTALL ENERGY EFFICIENCY  
PROGRAM AND ASSOCIATED RATE RECOVERY MECHANISM ("LOW INCOME III  
PROGRAM")

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In the Matter of the Verified Petition of RECO for Approval of a Low Income Audit and Direct  
Install Energy Efficiency Program and Associated Rate Recovery Mechanism

Docket No. EO17080869

Procedural Schedule

Motions to Intervene/Participate	October 17, 2017
Opposition to Intervention/Participation	October 27, 2017
Discovery Requests on Initial Testimony+	October 31, 2017
Responses to Discovery on Initial Testimony	November 9, 2017
Discovery Teleconference Conference (Tentative)	Week of November 13, 2017
Second Round of Discovery Due	November 20, 2017
Public Hearing	November 29, 2017
Responses to Second Round of Discovery Due	December 4, 2017
Discovery/Settlement Conference (Tentative)	Week of December 4, 2017
Intervener/ Respondent Testimony Due	December 18, 2017
Discovery on Intervener/Respondent Testimony	December 27, 2017
Responses to Discovery on Intervener/Respondent Testimony	January 8, 2018
Settlement Conference (Tentative)	Week of January 8, 2018
Rebuttal Testimony	January 16, 2018
Discovery on Rebuttal Testimony	January 22, 2018
Responses to Discovery on Rebuttal Testimony	January 29, 2018
Evidentiary Hearing (if necessary)	February 8 & 9, 2018
Initial Briefs due	February 19, 2018
Reply Briefs	March 1, 2018

+ The parties agree that discovery is ongoing but will endeavor to meet the deadlines above in good faith. The parties will endeavor to answer all discovery within 15 days of service or sooner if possible, with discovery completed no later than 10 days before the start of evidentiary hearings.