Agenda Date: 11/20/09
Agenda Item: 2B

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

DIVISION OF ENERGY AND OFFICE OF CLEAN ENERGY

IN THE MATTER OF ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED COST RECOVERY MECHANISMS	DECISION AND ORDER APPROVING STIPULATION DOCKET NO. EO09010056
IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY PROGRAM AND ASSOCIATED COST RECOVERY	DOCKET NO. EO09010061

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Richard Webster, Attorney for Natural Resources Defense Council

BY THE BOARD:

Background

In response to the worldwide economic downturn, in October 2008, Governor Jon Corzine announced a plan to help New Jersey weather the turbulence and lay a foundation for a long-term economic recovery. The plan was intended to directly support employment and economic activity in the short term, and to enhance the State's business climate and economic prospects in the long term.

As part of the plan, the Governor called upon New Jersey's electric and gas utilities to invest $500 million in utility energy efficiency programs for residential and business customers through 2009. Less than a week later, the New Jersey Energy Master Plan ("EMP") was released.[1] The EMP set a goal of reducing energy consumption by 20 percent by 2020, and determined that one of the methods to achieve that goal is a transition of energy efficiency programs to the utilities. Board Staff ("Staff") then held a series of meetings with representatives of the seven electric and gas utilities, the New Jersey Utilities Association ("NJUA"), and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") to explore the design of short-term large-scale investments by the utilities to improve energy efficiency. The discussions focused on designing investments that would: use the EMP's "whole building" approach to identify all cost-effective energy measures in a comprehensive audit of a building, and then implement as many of them as possible; support the future transition of the New Jersey Clean Energy Program ("NJCEP") to the utilities; avoid overlap between customers targeted by the utilities' programs and customers targeted by the NJCEP; and foster job creation.

In the course of these meetings, the participants recognized that the amount of money that utilities could invest in energy efficiency in one year depended in part on matters outside the control of the utilities and the New Jersey Board of Public Utilities ("Board"), such as the desire of energy customers to participate in programs to improve the efficiency of their buildings and equipment. The energy efficiency petitions ultimately filed by the seven utilities sought approval for programs with investments totaling approximately $305 million, with the programs in some cases extending into a second year. These investments are in addition to the $956 million in accelerated capital improvements and investments that the Board approved for five of New Jersey's major energy utilities in April 2009. Evidence presented to the Board indicated that the overall accelerated infrastructure programs would create about 1,300 direct jobs in the private sector – without the use of additional government funding. As discussed below, the Board has been reviewing the energy efficiency proposals not only to ensure that, if properly executed, they further the EMP's energy efficiency goals, but that they also create jobs to strengthen the local economy.

PROCEDURAL HISTORY

On February 20, 2009, pursuant to N.J.S.A. 48:3-98.1, Rockland Electric Company ("RECO" or "Company") filed a petition with the Board. On March 20, 2009, Staff notified RECO that the filing was determined to be administratively complete.[2]

In the filing, RECO requested approval to implement an Energy Efficiency Stimulus Program ("EESP") consisting of 4 energy efficiency programs with a total investment of approximately $2.3 million over a 3 year period. According to the petition, these projects would assist the State in stimulating the economy. The Company also asserted that these projects were geared toward encouraging customers most vulnerable to the economic crisis to reduce their overall energy usage as well as creating additional jobs in the energy efficiency market.

By Order dated February 19, 2009, the Board had retained all of the energy efficiency filings for review and hearing and, as authorized by N.J.S.A. 48:2-32, designated President Jeanne M.

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[1] The Energy Master Plan is available at http://www.nj.gov/emp/docs/pdf/081022_emp.pdf (accessed November 19, 2009).
[2] N.J.S.A. 48:3-98.1 requires the Board to decide cost recovery issues within 180 days. Pursuant to the Board Order issued in response to a further statutory directive within that section, Board Staff must review a petition for completeness within 30 days and, when a petition is determined to be complete, set the beginning of the 180-day. I/M/O Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1, Dkt. No. EO08030164 (May 8, 2008). .Accordingly, the 180-day period for a Board determination commenced on February 20, 2009.

Fox as the presiding officer who was authorized to rule on all motions that arise during the energy efficiency proceedings and modify any schedule(s) that may be set as necessary to secure just and expeditious determinations. Subsequently, on February 25, 2009, President Fox issued an Order setting the procedural schedule in this matter.

After notice in newspapers in general circulation within the service territory, public hearings were held on June 25, 2009, in Mahwah, New Jersey. No members of the public appeared at any public hearing.

A Motion to intervene was filed by the Natural Resources Defense Council ("NRDC") on March 30, 2009.[3] By Order dated April 28, 2009, President Fox granted the motion.

Discovery requests in this matter were propounded by Board Staff and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), which were responded to by the Company.

RECO's ENERGY EFFICIENCY ECONOMIC STIMULUS PETITION

The petition proposed the following EE Program:

1. Residential Direct Install Program
2. On-line Audit Program
3. Market Potential Study
4. USF Low Income Audit and Direct Install Program

Residential Direct Install Program

This program would promote the direct installation of whole house electrical energy savings measures which the utility deems cost effective in high use residential homes; the provision of rebate incentives for the installation of efficiency equipment; and the provision of energy kits with compact fluorescent light bulbs and energy education kits.

The Company estimated the annual cost at approximately $700,000 and the total cost for three years at over $2 million if 9,300 residential customers participated annually.

On-line Audit Program

The on-line Audit Program would provide online software that would link to the customers' billing history and identify areas for energy reduction.

The Company estimated the first year cost at $200,000 and the total cost at $350,000.

Market Potential Study

RECO proposed performing a market potential study to determine the baseline efficiency for its service territory. The Company stated that such a study would allow the development of appropriate program goals and permit the design of cost-effective programs targeting all customer segments.

3 Docket Nos. EO09010056, GO09010057, GO09010058, GO09010059, GO09010060, EO09010061, EO09010062 and EO09010063.

The Company estimated the cost at $400,000, to be incurred in the first year of the EE Program.

Universal Service Fund ("USF") Low Income Audit and Direct Install Program

This program would provide free energy efficiency measures, selected as a result of an energy audit, to customers in RECO's USF Program.

The Company estimated the cost at $320,000 for the first year if 100 customers participated.

With regard to cost recovery, RECO proposed recovery of all revenue requirements associated with the EE Program ("EE Program Revenue Requirement") through a non-bypassable surcharge on all distribution customers ("RGGI Surcharge"). The EE Program Revenue Requirement would include both the amortization of the regulatory asset ("RA") over 3 years and the incremental operating and maintenance ("O&M") expenses associated with the EE Program. RECO also requested that the return on its RA be based on the Weighted Average Cost of Capital ("WACC") utilized in the Company's most recent base rate case with a weighted cost of equity of 10.5%.

In its petition, the Company estimated that implementation of the EE Program would have the potential to create 9 direct jobs. The Company originally employed a definition of one full-time equivalent ("FTE") job as 2,080 hours of work per year. The Company subsequently revised the definition of a full-time equivalent job to 1,820 hours of work annually, resulting in a revised estimate of 12 direct full-time jobs. [4]

On August 13, 2009, the Company, Staff, and Rate Counsel entered into an agreement ("August 13 Stipulation") to extend the 180-day review period provided by N.J.S.A. 48:3-98.1(b), in connection with the Company's proposed EE Program and related cost recovery proposal to September 24, 2009. By letter dated August 18, 2009, NRDC indicated that it did not support or oppose the Stipulation. The Board approved the August 13 Stipulation on August 19, 2009.

On September 11, 2009, the Company, Staff, and Rate Counsel entered into an agreement ("September 11 Stipulation") to further extend the 180-day review period provided by N.J.S.A. 48:3-98.1(b), in connection with the Company's proposed EE Program and related cost recovery proposal to November 23, 2009. NRDC was given notice of the proposed Stipulation and took no position. The Board approved the September 11 Stipulation on September 16, 2009.

THE PROPOSED STIPULATION

RECO, Rate Counsel, and Staff actively participated in settlement negotiations. NRDC did not actively participate in the settlement negotiations, but was provided with notice of the negotiations, and with copies of the proposed settlement. RECO, Rate Counsel, and Staff (collectively, the "Signatory Parties") agreed to certain modifications of the proposed programs and cost recovery mechanism, and executed a stipulation ("Stipulation") on November 19, 2009. NRDC did not submit comments upon the Stipulation.

4 The original 2,080 work hours per year reflects a 40 hour work week for 52 weeks per year. Through subsequent proceedings, the 1,820 hours was agreed upon by Staff, Rate Counsel, and the Company to account for employee leave time. The 1,820 hours reflects a 40 hour work week for 45.5 weeks per year.

Below are some of the key provisions of the Stipulation:[5]

A. Energy Efficiency Programs

11. The Company represents that the three EE Program components ('Sub-Programs") identified in Attachment 1are in the public interest and will create jobs in support of the Governor's Economic Stimulus Plan. The total cost of the one year EE Program is $990,250, and the total estimated direct jobs to be created is approximately four (4).

The one year budgets for each of the agreed upon Sub-Programs are as follows:

	Expenditure
Low Income Audit and Install Sub-Program	$770,000
Residential Enhanced Rebate Sub-Program	130,250
On-Line Energy Audit Sub-Program	90,000
Total EE Program Expenditures	$990,250

12. At this time, RECO will not implement the Market Potential Study proposed in the petition. RECO reserves the right to propose a similar program in the future.

13. RECO will implement the On-Line Energy Audit Sub-Program as described in Attachment 2. The On-Line Energy Audit Sub-Program has been modified from the petition proposal to reduce the estimated budget for this Program from $350,000 for a three-year period to $90,000 for a one-year period. This revised budget will cover both start up costs and the first year operating and maintenance costs. After the end of the EE Program, RECO proposes to recover on-going operation and maintenance costs for the On-Line Energy Audit from the Outreach and Education funding requested in its current base rate case.

14. RECO will implement the Residential Enhanced Rebate Sub-Program described in Attachment 2. The Residential Enhanced Rebate Program replaces the Residential Whole House Program proposed in the petition that will not be implemented. While the original proposed Residential Whole House Program duplicated certain features of the Clean Energy Program's Home Performance with Energy Star ("HPES") Program, such as a home energy audit and the installation of energy efficiency measures, the Residential Enhanced Rebate Sub-Program has eliminated these features and eliminated the promotional energy efficiency kits, while tying the enhanced HVAC rebates to participation in the HPES Program.

15. RECO will implement the Low Income Audit and Install Sub-Program described in Attachment 2. The Low Income Audit and Install Sub-Program has been modified from the petition proposal to increase the funding levels for energy efficiency measures from a cap of $2,000 per household to a cap of $6,500 to be consistent with increased funding levels for the NJ Comfort Partners Program. To be consistent with Comfort Partners, the Company has expanded the eligibility requirements from only USF Program participants, to USF Program participants, 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, Temporary Assistance to Needy Families or Section 8 Housing.

16. Energy savings estimates for energy efficiency stimulus programs reference customers' existing equipment as a baseline in addition to the standard efficiencies for new equipment embedded in current NJ Energy Savings Protocols.

[5] Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions contained in this Order.

B. Program Evaluation

17. Based on the Company's representations and the analysis performed on July 8, 2009, and subsequently modified by CEEEP on November 17, 2009, the proposed EE Sub-Programs appear to be cost effective and consistent with the Governor's Economic Stimulus Plan. For the purpose of obtaining information to assist in the development of future EE Programs, each Sub-Program, as implemented, will be the subject of a program evaluation, which will include:

a. Cost/benefit analysis, including a Participant Cost Test ("PCT"), Program Administration Cost Test ("PAC"), Ratepayer Impact Measure ("RIM"), Total Resource Cost ("TRC"), and Societal Cost Test ("SCT"), to be performed by CEEEP after having been retained by the Board; using a methodology used by the CEEEP and provided to the NJ Clean Energy Program by CEEEP; and
b. Impact evaluation, to be performed by CEEEP or a subcontractor to be retained by CEEEP.

CEEEP will follow its internal procurement process in retaining such subcontractor in accordance with the terms of the contract between CEEEP and the Board. If the Board is unable to retain CEEEP to perform the evaluation services identified in parts "b" above, then such evaluations shall be performed by a third party vendor to be retained by the Board pursuant to State procurement laws.

18. All residential customers of record in RECO's service territory who meet the individual Sub-Program criteria, including any income eligibility criteria applicable to the Low Income Audit and Install Sub-Program criteria, will be eligible for the Sub-Programs, including those customers who are protected by the Board's Winter Moratorium rules.

C. Cost Recovery

19. RECO will recover the net revenue requirements associated with the EE Program via the Company's RGGI Surcharge. The RGGI Surcharge will be applicable to all rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the EE Program. The RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually, as described herein. The initial RGGI Surcharge[6] will be based on estimated EE Program revenue requirements from the later of January 1, 2010 or the date of the written Board Order, to December 31, 2010 and a forecast of the Company's kWh deliveries to customers during the twelve month period ending December 31, 2010. Thereafter, the RGGI Surcharge will be adjusted on an annual basis incorporating a true-up for any prior period over-or under-recoveries, an estimate of the revenue requirements for the upcoming year, and the forecasted kWh deliveries to customers during the upcoming year in which the revised RGGI Surcharge will be in effect.

20. The Signatory Parties stipulate that the EE Program revenue requirements recovered through the RGGI Surcharge will be calculated to include a return on investment

[6] As approved by the Board, RECO currently uses the RGGI Surcharge to recover the costs and revenue requirements of the Demand Response Working Group Program (Docket No. EO08050326). Therefore, references to the "initial RGGI Surcharge" refer to that Surcharge upon the initial adjustment to begin the recovery of the EE Program revenue requirements.

and a return of investment through amortization of the associated regulatory asset over sixty (60) months or five (5) years. The investment subject to deferral and recovery over the 60-month period and a return includes all incremental program costs, e.g., rebates, incentives, inspections, and contracted processes. The Signatory Parties further stipulate that this initial calculation will use the Weighted Average Cost of Capital ("WACC") used to set rates in the Company's most recently completed rate case, BPU Docket No.ER06060483, which was 7.83%, (10.97% on a pre-tax basis) based upon a return on equity of 9.75%. The Signatory Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case (including the Company's now-pending base rate case) will be reflected in the subsequent monthly revenue requirement and interest calculations. The Signatory Parties further agree that any change in the Revenue Requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. The calculation of the revenue requirement for the purpose of setting the initial RGGI Surcharge for the twelve month period ending December 31, 2010 is set forth in Attachment 3, and will initially be structured to produce revenues of approximately $247,292.

21. In calculating the monthly interest on net over- and under-recoveries, the interest rate shall be based upon the rate as determined by the Board in its Order dated October 21, 2008 in Docket No. ER08060455. As set forth in that Order, the interest rate shall be the interest rate based on two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus 60 basis points, but shall not exceed RECO's pre-tax WACC as identified in Paragraph 20 above. The interest rate shall be reset each month. The interest amount charged to the RGGI Surcharge balances will be computed using the following methodology set forth in Attachment 4 attached hereto and made a part of this Stipulation. The calculation of monthly interest shall be based on the net of tax beginning and ending average monthly balance. The monthly over-and under-recovery calculation will be based on actual revenues and the actual revenue requirement in each month. The Company shall accrue simple interest on any over- or under- recovered balances with an annual roll-in at the end of each 12-month reconciliation period. The true-up calculation of over- and under-recoveries, including interest, shall be included in the Company's annual petition ("Annual Filing") to adjust its RGGI Surcharge.

22. The Signatory Parties request that the Board set the effective date of the revised RGGI Surcharge to incorporate the revenue requirement provided for herein as January 1, 2010.

23. The EE Program is a one year program ending on December 31, 2010. However, the work associated with starting up the EE Program will commence upon receipt of a written Board Order in this proceeding, and the costs of such work shall be subject to deferral and recovery in accordance with this Stipulation. Recovery of the EE Program revenue requirement will continue through the RGGI Surcharge following the conclusion of the EE Program Sub-Programs until all EE Program revenue requirements are fully recovered.

24. The RGGI Surcharge will be subject to adjustment and true-up through the deferral process and any required adjustment will be included in the over/under-recovered balance to be recovered from or returned to ratepayers over the following year. Any Board-ordered cost recovery adjustments resulting from the review of the actual EE Program costs will be made to the over/under-recovered deferred balance and reflected in the

charges established for the following year pursuant to a Final Board Order. The Signatory Parties stipulate that the Company will submit the Annual Filing, commencing for the 2011 annual period on a calendar basis, with copies provided to the Signatory Parties September 1 and annually thereafter for a proposed implementation of January 1 of each year. Each Annual Filing will contain a reconciliation of the Company's RGGI Surcharge recoveries and actual revenue requirements for the prior period and a forecast of revenue requirements associated with the EE Program for the upcoming 12-month period. The Annual Filing also will present actual costs to the extent incurred since the previous annual review and such costs will then be reviewed for reasonableness and prudency. The Annual Filing will provide information set forth in the Minimum Filing Requirements ("MFRs") attached hereto as Attachment 5 and made a part of this Stipulation. The Annual Filing will be subject to review by the Signatory Parties with opportunity for discovery and filed comments prior to the issuance of a Board Order establishing the Company's revised RGGI Surcharge. The issuance of a written Board Order will be preceded by adequate Public Notice and Public Hearings if required by law.

25. The Signatory Parties agree that the proposed rates, as set forth in the tariff sheets in Attachment 6, attached hereto are just and reasonable, and RECO is authorized to implement the proposed rates on January 1, 2010 as set forth in the written Board Order approving this Stipulation.

D. Rate Impact

26. As currently projected, the EE Program component of the RGGI Surcharge would initially be set at $0.000167/kWh, including Sales and Use Tax ("SUT") ($0.000156/kWh without SUT), as set forth in Attachment 3, which would be in effect for the initial twelve-month period ending December 31, 2010 to recover an estimated revenue requirement of approximately $247,292. This initial EE Program component of the RGGI Surcharge will result in a monthly rate increase for a typical residential customer using 925 kWh per month of $0.16 or 0.09% or approximately $1.92 annually during the initial twelve-month period.

E. Program and Budget Flexibility

27. Based on market response including customer demand, spending on the EE Program or any Sub-Program may be accelerated and/or completed sooner than the proposed period.

28. Based on market response, the Company may propose to modify Sub-Programs during the term of the EE Program. No such modification shall take effect without approval by the Board. To propose a modification, the Company shall submit to the Signatory Parties, in writing, a description of its proposed modifications, the rationale for its proposed modifications, and a narrative and schedules showing the effect of its proposed modifications on the costs and benefits of the affected sub-programs. The Company shall present the proposed modifications to the Board for approval if no objections to the proposed modifications are received within forty-five (45) days after that filing. The Company will also report on these modifications in its Annual Filing and the monthly reporting described below. The Company will work with Board's Office of Clean Energy ("OCE") Staff to develop the appropriate processes to meet OCE reporting requirements.

F. Reporting

29. The Company will provide monthly reports ("Monthly Activity Reports") to the OCE Staff on EE Program activity and estimated impacts for each month commencing with the first month after EE Program implementation. The Company will include data in these reports consistent with the data reported from the Board's Clean Energy Program with respect to energy efficiency. The Company will submit its Monthly Activity Reports in a format that can be electronically uploaded to the Clean Energy Program's reporting system consistent with the utility reporting requirements for the NJ Clean Energy Program. The Company will submit each Monthly Activity Report within thirty (30) days after the end of each month covered by the report.

G. Job Creation

30. The Company agrees to report, on a monthly basis, as required in the Minimum Filing Requirements, Attachment 5, (i) the number of full-time equivalents that the Company hires to perform work associated with the EE program and (ii) the number of full-time equivalents that entities under contract with the Company hire to perform such work. The Signatory Parties agree that reporting of job creation in the monthly report will be in the format contained in the Job Creation Questionnaire, attached hereto as Attachment 7. For the purpose of reporting jobs associated with the Company's EE programs, "full-time equivalent" means one or more individuals collectively working a total of 1,820 hours annually in connection with the Company's EE program.

31. On February 17, 2009, the Federal American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. No. 111-5) was signed into law by President Barack Obama. Subject to any restrictions set forth in the ARRA and other applicable law, if the Company receives federal funds or credits directly related to any of the EE Sub-Programs through the ARRA, the Company agrees to utilize such funds or credits to offset the respective EE Sub-Program's costs. If funding or credits from the ARRA or any subsequent state or federal action is received by the Company through the State of New Jersey, a County or Municipality for program reimbursement, the Company agrees that any such funds or credits directly applicable to work related to the any of the EE Sub-Programs will be used to benefit customers by offsetting the costs for which recovery will be sought to the extent permitted by law.

However, if the Company is advised by Staff that the combination of (i) Federal ARRA funding, (ii) NJCEP incentive funding, and (iii) incentives provided for a project (e.g., an appliance) as part of the approved Residential Enhanced Rebate Sub-Program would fund more than 100% of a project's costs through rebates or other direct incentives, the Signatory Parties agree that, subject to any restrictions set forth in the ARRA and other applicable law, incentive funding approved through the Residential Enhanced Rebate Sub-Program shall be reduced as directed by Staff for prospective projects to bring the total rebates and incentives to no greater than 100% of the project's costs.

DISCUSSION AND FINDINGS

RECO filed its petition under N.J.S.A. 48:3-98.1, which provides that an electric or gas public utility may provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis and that such investment may be eligible for rate treatment approved by the Board.

The Board has previously acknowledged that investments in energy efficiency can help lower energy costs over the long term and produce significant benefits to customers. Customers who install energy efficiency measures reduce their usage of electricity and natural gas, thus lowering their energy costs. As investments in cost-effective energy efficiency measures increase, they lower electricity and natural gas costs for the customers who implement those measures, and also reduce costs overall for electricity customers by reducing usage of electricity from the grid at times of peak demand when wholesale electricity prices are highest, and by mitigating the need for additional generation, transmission, and distribution infrastructure to serve peak demand. Similarly, wider implementation of energy efficiency can lower natural gas costs for New Jersey customers overall, again because greater efficiency reduces peak demand for natural gas and therefore reduces the infrastructure needed to provide reliable supply for the peak. Increasing energy efficiency improves the competitiveness of New Jersey businesses through reduced energy costs and reduced vulnerability to substantial increases in the prices of fossil fuels and of the electricity generated using those fuels. Finally, energy efficiency is often the most cost-effective means of reducing power plant emissions of air pollutants that cause global warming and endanger the health of our residents.[7]

The Legislature shares this understanding of the benefits of energy efficiency. In enacting the statutory changes which included N.J.S.A. 48:3-98.1, the Legislature found that "energy efficiency and conservation measures and increased use of renewable energy resources must be essential elements of the State's energy future..." N.J.S.A. 26:2C-45.

The EMP recognizes that New Jersey must dramatically increase energy efficiency and energy conservation measures in the 3.7 million existing buildings in the State. Cost-effective improvements to energy efficiency in all of those existing buildings could save more than 15,000 GWh of electricity by 2020, as well as nearly 75 trillion BTUs of heating fuels. The Board recognizes the scale of this effort. To improve efficiency in those existing buildings by 2020, more than 300,000 buildings each year will need to be upgraded. In contrast, in the six years from 2001 to 2007, the NJCEP reached approximately 500,000 buildings.[8]

Improving energy efficiency in almost all of the existing buildings will depend on education and outreach to the owners and lessees of those buildings, a means of identifying the energy efficiency opportunities in each building, and a means of delivering the improvements in a way that is advantageous to the owners and lessees. Moreover, past efforts have targeted specific types of energy efficiency improvements, rather than comprehensively improving energy efficiency throughout the whole building. The Board and the EMP have both recognized the need for more thorough "whole building" solutions that identify and implement all cost-effective efficiency measures, potentially addressing the building envelope (such as windows, walls, and doors), heating and cooling systems, lighting, appliances and electronics; a whole building approach could also identify opportunities to offset power requirements through combined heat and power, photovoltaic systems, fuel cells and other on-site clean energy generation.

In enacting the statutory changes which included N.J.S.A. 48:3-98.1, the Legislature recognized the need to involve utilities in delivering these energy efficiency measures, stating that "utility involvement and competition in the renewable energy, conservation and energy efficiency industries are essential to maximize efficiencies . . ." N.J.S.A. 26:2C-45. The Board believes that the principles developed out of the collaboration of Staff, Rate Counsel, and the energy utilities which led to the development of the proposed energy efficiency programs and eventually

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[7] See, National Action Plan for Energy Efficiency at www.epa.gov/cleanenergy/energy-programs; see also, In the Matter of Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009-2012 Clean Energy Program, Docket No. EO07030203, Order Establishing 2009-2012 Funding Level, September 30, 2008.
[8] EMP at 55-56.

to the execution of the various stipulations can be valuable in furthering the transition of those programs to the utilities.

One such principle is the need to avoid overlap between the customers targeted by the utilities and those targeted by the NJCEP. In their effort to avoid that overlap, the utilities used their understanding of their customers to identify and focus on those who were more likely to participate in whole-building energy efficiency programs. That focus, especially when supported by the utilities' relationships with their customers and with contractors in their service territories, offers the prospect of higher rates of participation than what the NJCEP has been able to achieve thus far. It also enables utility marketing efforts that will be complementary and supplementary to the marketing performed by the market managers for the NJCEP.

The Board has previously acknowledged the extent of the worldwide economic crisis and the need to take action to support employment in New Jersey, as has Governor Corzine since announcing his economic stimulus plan in October 2009. For example, in April 2009, the Board approved efforts by five electric and gas utilities to accelerate $956 million in planned infrastructure investments. See, e.g., In Re Petition Of South Jersey Gas Company for Approval of a Capital Economic Stimulus Infrastructure Investment Program and an Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:2-21 and 48:21.1, Docket No. GO09010051, Decision and Order Approving Stipulation (April 28, 2009). Since then, economic signals have been mixed; however, the nationwide employment situation continues to deteriorate. The national unemployment rate rose from 9.4 percent in July 2009, to 9.7 percent in August, 9.8 percent in September, and 10.2 percent in October. Third quarter mass layoff events reached a record high.[9]

The continuing severity of the worldwide economic crisis strongly supports the continued need for action by the Board to create jobs and enhance New Jersey's economic competitiveness. At the same time, the Board has taken special care in its review of the costs and benefits of the utilities' proposed energy efficiency programs because the crisis has put such strain on many household budgets. Furthermore, energy efficiency is especially important to household budgets and to economic competitiveness at a time when Congress is currently considering legislation that would limit emissions of carbon dioxide from electric generators, thus increasing the cost of generating fossil-fueled electricity.[10]

In summary, the proposed energy efficiency investments, if properly implemented, will serve the need to create jobs in the short term, the State's environmental needs, and the need to enhance the State's competitiveness, business climate, and economic prospects in the long term. Furthermore, the State has determined that the electric and gas utilities are well positioned to build on their relationships with customers to help those customers improve the energy efficiency of existing buildings.[11]

The Board has previously found and continues to **FIND** that a substantial investment by electric and gas utilities in energy efficiency will assist in creating jobs, will continue to build a foundation for a more energy-efficient economy in New Jersey that will support long-term economic growth, and will take a step toward transition of the administration of energy efficiency programs from the NJCEP to the electric and gas utilities.

9 Bureau of Labor Statistics, "The Employment Situation: October 2009," http://www.bls.gov/news.release/empsit.nr0.htm, (accessed November 9, 2009); Bureau of Labor Statistics, "Extended Mass LayOffs-Third Quarter of 2009, November 10, 2009, http://www.bls.gov/news.release/pdf/mmls.pdf (accessed November 10, 2009).

10 See, e.g., American Clean Energy and Security Act, H.R. 2454.

11 EMP at 56.

Turning to the Stipulation under consideration, the Board **FINDS** that the EE Program, if successfully executed, will further the EMP's energy efficiency goals and will also create jobs to strengthen the local economy.

Specifically, the projects associated with the EE Program, as modified by the Stipulation, are expected to create a need for 4 direct jobs over the next year. The Stipulation requires RECO to report data monthly on actual hiring. Accordingly, the Board **FINDS** that the EE Program will benefit the employment situation in the State.

The estimate of jobs attributable to the EE Program includes only the direct impact of the proposed projects on employment – the employees working on the utility projects themselves. It does not include the indirect impacts with respect to jobs created in other sectors of New Jersey's economy for labor, materials, and services needed for the EE Program. Neither does it include what is known as the "induced" impacts resulting from spending by the added employees for local goods and services. These "ripple" effects are difficult to quantify, but they clearly exist. The Board therefore **FINDS** that the estimate of the jobs to be created is conservative, because indirect and induced job creation will add significantly to the job totals.

In reviewing the EE Program, the Board has considered a series of cost-benefit analyses conducted by the Center for Energy, Economic, and Environmental Policy at the Bloustein School at Rutgers University ("CEEEP"), including the following:

1 The "Participant" test, which provides an indication of the desirability of the EE Program to a typical customer who participates in it. The test includes the quantifiable benefits and costs to the customer who participates in the EE Program. Examples of benefits considered in this test include the reduction in the customer's electric and gas bills resulting from energy savings, and the amount of incentives provided by the utility and/or the NJCEP. The costs considered in the test are the customer's out-of-pocket costs;

2. The "Ratepayer Impact Measure" test, which measures the overall effect of the EE Program on customers who are not participating in it. Examples of benefits considered in this test include savings from avoided supply costs, such as the costs of electric transmission, distribution, generation, and capacity. Costs include the costs that the Company and the NJCEP incur to implement the program, such as incentive costs and administrative costs. The Ratepayer Impact Measure test is informative; however, it is not well suited to serve as a "litmus test" for energy efficiency programs, especially for short-term programs, because such programs will involve costs for non-participants while the benefits for those non-participants will accrue with sustained investments in energy efficiency that continue over a longer term.

3. The "Total Resource Cost" test, which represents the total effect of the EE Program on customers who participate as well as customers who do not participate. It can be seen as a summation of the benefits and costs in the Participant test and the Ratepayer Impact Measure test, with the benefit of incentives paid to participants offset by the cost of those incentives borne by all ratepayers, treating incentive costs paid by the ratepayers as transfer payments.

4. The "Societal Impact" test, which is similar to the Total Resource Cost test, but also includes externalities such as reductions in air pollution as a result of the EE Program.

5. The "Program Administrator Cost" test, which measures the net costs of the program based on the costs incurred by the program administrator (such as incentive costs and administrative costs), excludes the costs borne by the participant, and includes avoided supply costs as in the Ratepayer Impact Measure test.

No single test of cost-effectiveness can be determinative. As discussed above, each of the tests provides a different perspective on cost-effectiveness, which provides a fuller picture of the trade-offs involved in policy decisions made in the design of the EE Program. For example, increasing an incentive that the EE Program provides to an individual customer who implements an energy efficiency measure will result in a higher ratio of benefits to costs under the Participant test, since that individual customer will spend less on the energy efficiency measure while receiving the same benefit. Conversely, the same increased incentive will lower the ratio of benefits to cost under the Ratepayer Impact Measure, because the ratepayers collectively will pay more to support the increased incentive, while any aggregate increase in benefits will be difficult to estimate. Accordingly, the Board has carefully considered the results of all of the cost-benefit tests to understand the EE Program from a variety of perspectives.

The Board notes that the only benefits considered by these tests are energy-related benefits. None of these tests consider the economic benefits associated with the jobs impacts from the EE Program which were discussed earlier in this Order. Accordingly, the Board evaluated the cost-effectiveness of the EE Program without regard to the economic benefits of jobs attributable to the EE Program creation, a very conservative approach which provides greater assurance that the EE Program, if properly implemented, should indeed be cost-effective.

Staff and Rate Counsel thoroughly reviewed and analyzed with RECO and CEEEP all of the cost-benefit analyses prepared by CEEEP for RECO's proposed EE Program and its component energy efficiency projects. Based on that review and analysis, and on other information provided by RECO, Staff and Rate Counsel stated in the Stipulation that the proposed EE Program appeared to be cost-effective. The Board hereby **FINDS** this conclusion to be reasonable, especially considering the Board's previous findings that investments in energy efficiency can help lower energy costs over the long term and produce significant benefits to customers overall.[12]

As discussed above, under the EE Program the Company will invest an estimated $990,250 million over the next year creating a need for an estimated 4 direct jobs over that period. As part of the mandatory reporting requirements agreed to by the Signatory Parties, the Company will report monthly on actual hiring.

Beyond the direct employment estimate of 4 jobs, it is expected that the stipulated EE Program will generate an additional multiple of indirect jobs as a result of related orders for goods and services provided by local establishments and by the additional spending power of the newly hired workers. The Board is persuaded that these are incremental jobs which will be attributable to the EE Program.

The initial revenue requirement for the EE Program is set to recover costs incurred during the twelve months of the program and is estimated to be $247,292, including SUT. The Board has considered the financial impacts of the Program on customers. A residential electric customer using an average of 925 kWh a month would initially see an estimated monthly increase of $0.16, or approximately 0.09%.

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[12] In the Matter of Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for the 2009-2012 Clean Energy Program, Order Establishing 2009-2012 Funding Level, Docket No. EO07030203 (September 30, 2008).

In addition, the Stipulation brings the Company's Low Income Audit and Install Sub-Program into compliance with the NJ Comfort Partners Program. The Company has increased the cap on funding levels per household as originally proposed by the petition from $2,000 to $6,500, and has expanded the eligibility requirements to be consistent with the NJ Comfort Partners Program. The Company's program will now cover not only USF Program participants, but 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, Temporary Assistance to Needy Families or Section 8 Housing. [13]

Therefore, the Board, having carefully reviewed the record in this matter, including the petition and the Stipulation as well as the comments of the parties, **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with law, HEREBY **APPROVES** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully stated herein.

The Board **HEREBY RATIFIES** all provisional rulings by President Fox for the reasons stated in her Orders.

The Board **HEREBY SETS** the effective date of the rates established in the Energy Efficiency Stimulus Program portion of the RGGI Surcharge as January 1, 2010. The Company is **HEREBY DIRECTED** to file tariff sheets consistent with the Order within five (5) business days from the date the Order is executed.

[13] The Company had previously filed a petition to implement certain energy efficiency measures, and included a request to discontinue participation in Comfort Partners in an amendment to that petition. I/M/O the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Pilot Program and Associated Rate Recovery Mechanism, BPU Dkt. No. EO08090702. Based on the Board's action today, it may be appropriate for the Company to withdraw that pending petition.

The Company's rates will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

DATED: 11/23/09

BOARD OF PUBLIC UTILITIES
BY:

Jeanne M Fox

JEANNE M. FOX
PRESIDENT

Frederick F. Butler

FREDERICK F. BUTLER
COMMISSIONER

JOSEPH L. FIORDALISO
COMMISSIONER

Nicholas Asselta

NICHOLAS ASSELTA
COMMISSIONER

DISSENT OF COMMISSIONER ELIZABETH RANDALL

This petition, like the four petitions previously approved by the Board.[1], establishes a utility-run "Energy Stimulus Program ("EE Program"), and was filed by Rockland Electric in response to Governor Corzine's October 16, 2008 proposal to help revive the State's economy[2]

Cost to Ratepayers

All costs of creating these Energy Efficiency Programs will be borne by customers of the utilities who will administer the programs.

Pertinent information about the previously approved programs, as well as the Rockland Electric program, is as follows:

Company	Duration of Program	Total Ratepayer Cost	Average Residential Customer Increase	New Jobs Projected
PSE&G (approved July 1, 2009)	Through December 31, 2010	$217.4 million	$ 3.88/per year (gas customers) for 5 years $ 2.98/per year (electric customers) for 5 years	
NJ Natural Gas (approved July 1, 2009)	12 Months (to be extended to December 31, 2010, if program funding is available)	$21.1 million	$8.31/per year for 4 years	
South Jersey Gas (approved July 1, 2009)	2 Years	$19.2 million	$2.88/per year for 4 years	
Elizabethtown Gas (approved July 29, 2009)	17 Months	$14.6 million	$9.49/per year for 4 years	44

[1] On July 1, 2009 the Board approved by a 4-1 vote (with Commissioner Randall dissenting), (4) petitions filed by PSE&G, NJNG, SJG, and ETG to implement Energy Efficiency Programs.

[2] The Administration made a related request with regard to capital improvements the utilities want to make to their facilities. On April 27, 2009, the Board approved five (5) utility company requests for accelerated capital spending at a total ratepayer cost of $955.8 million.

Company	Duration of Program	Total Ratepayer Cost	Average Residential Customer Increase	New Jobs Projected
========	=======	========	=========	========
Rockland Electric (approved Nov. 20, 2009)	1 Year	$1,127,150	$1.58/per year for 5 years	4

Voluntary participation in programs promoting energy efficiency and conservation is an important part of New Jersey's Energy Master Plan (EMP). However, in light of today's current cost of gas and electricity, I question whether consumers should be required to fund these programs during a recession.

While some jobs will be created through these filings, part of every customer's bill already includes a charge to support existing energy efficiency programs through the Office of Clean Energy (OCE). As part of their monthly bills, all gas and electric customers provide the funding for the BPU's Clean Energy Program. Two hundred sixty-nine million dollars ($269,000,000) has been set aside to fund the Clean Energy Program (CEP) in calendar year 2010.[3] These five Energy Efficiency programs will require another $273,290,250 million from customers served by PSE&G, South Jersey Gas, NJ Natural Gas, and Rockland Electric.

While the details of the programs are laudable, they break very little new ground. In essence, the companies will promote certain energy efficiency programs now offered by the BPU's Office of Clean Energy.

Orderly Transition

It is clear that the Legislature has given the utility companies the ability to provide and invest in energy efficiency and conservation programs in their service territories on a regulated basis through the RGGI legislation enacted in 2008. *See* N.J.S.A. 48:3-98.1 (a)(1). Moreover, the EMP has called upon the utility companies to "successfully and efficiently transition the State's energy efficiency programs to the utilities." *See* NJEMP at 75 -76.

The BPU has expressed its support of this strategy by approving utility-run programs, such as PSE&G's Carbon Abatement Program and Solar Loan Programs.

Part of my objection to the five "Energy Efficiency Stimulus" programs is that while we are advancing the goal of establishing utility-run programs, we are not downsizing the State's role in running the same programs. Ratepayers are funding both efforts.

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[3] Funding for the Office of Clean Energy is part of the "Societal Benefits Charge" (SBC) which appears on every customer's monthly bill. The largest components of the SBC are: (1) funding for the Clean Energy Program (averaging $47/year) and, (2) funding for the Lifeline and Universal Service Fund (averaging $43/year) which provides subsidies to low-income electric and gas customers. On an annual basis, customers pay over $100, for all SBC programs.

This migration of programs from the State's Office of Clean Energy to the utilities ought to be achieved in a cost-effective and careful manner so as to not erode the substantial accomplishments of the OCE and so as to avoid duplication of effort by the utilities and the OCE.

The transfer of energy efficiency and conservation programs to the companies should be done systematically, much like we achieved the original shift of programs away from the utilities and to the OCE in 2003 (renewable energy programs) and 2007 (energy efficiency programs).

By order of the BPU dated January 28, 2009, all utilities were ordered to file individual utility master plans with the Board (Docket No. EO0812165). Among other things, these plans will provide a blueprint for the successful and efficient transition of the OCE programs to the utilities. The Order calls for migration to be completed by 2010. The plans are due by July 2010 and should include milestones, a clear end date, and transition reports to the Board. The BPU should ensure that our strategic plan for transition of the programs reduces that portion of the Societal Benefits Charge which funds the OCE.[4]

Waxman-Markey Legislation & Federal Stimulus

The policy and cost implications of the legislation which passed the House of Representatives on June 26, 2009, are enormous. The bill requires the United States to reduce carbon dioxide and other greenhouse gas emissions by 17 percent from 2005 levels by 2020 and by 83 percent by mid-century.

While no one knows what the final legislation will look like, all parties agree that (should it pass) it will cost customers more money. Electricity, gasoline, natural gas and home heating oil prices will rise. By all accounts, the largest increase will be in the price of electricity.

Utilities will come to us for rate increases as they are required to pay for the investments in cleaner, more expensive technologies called for in the legislation.

The rate increase asked for in these stipulations should have been deferred until such time as we can assess the impact of both the federal legislation, as well as review the utility master energy plans called for in the Board's Order of January 28, 2009.

Finally, job creation and energy efficiency efforts are already benefiting from federal stimulus funds earmarked for New Jersey, pursuant to the Federal American Recovery and Reinvestment Act of 2009 (ARRA) signed into law by President Obama on February 17, 2009.

[4] In the orderly transition of clean energy programs to the utilities, an important policy decision exists with regard to utility recovery of "lost distribution margin revenues." If the companies are successful in promoting efficiency and conservation measures, they will sell less energy. The question has been raised as to whether companies should be compensated for this loss of revenue. The stipulations being recommended to the Board defer this question for another day. It is difficult to imagine an orderly transition of responsibilities to the utilities without resolving this issue.

New Jersey's State Energy Program will receive $73,643,000 for clean energy efforts in the State. New Jersey will also receive $ 75,468,200 from the Energy Efficiency and Community Development Block Grants.

The Board should consider the positive effect of these federal grants on New Jersey's economy before approving rate increases such as those before us today.

DATED: 11/23/09

Elizabeth Randall

ELIZABETH RANDALL
COMMISSIONER

ATTEST:

Kristi Izzo

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

Kristi Izzo

Revised 6/12/09

I/M/O THE PETITION OF ROCKLAND ELECTRIC COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY STIMULUS PROGRAM AND ASSOCIATED RATE RECOVERY
BPU DOCKET NO. EO09010061

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED COST RECOVERY MECHANISM PROCEEDINGS	**BPU DOCKET NO. EO09010056**
I/M/O THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY STIMULUS PROGRAM AND ASSOCIATED RATE RECOVERY	**BPU DOCKET NO. EO09010061** **STIPULATION**

APPEARANCES:

James C. Meyer (Riker Danzig Scherer Hyland & Perretti LLP), Attorney for the Petitioner, Rockland Electric Company

Paul Flanagan and Felicia Thomas-Friel, Deputy Public Advocates and **Diane Schulze**, Assistant Deputy Public Advocate, Division of Rate Counsel (**Ronald K. Chen**, Public Advocate, **Stefanie A. Brand**, Director)

Caroline Vachier, Jessica L. Campbell, Anne Shatto, Alex Moreau and Kerri Kirschbaum, Deputy Attorneys General, for Staff of the New Jersey Board of Public Utilities (**Anne Milgram**, Attorney General of New Jersey)

Richard Webster, Attorney for Natural Resources Defense Council

TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES

It is hereby AGREED, as of the __ day of November, 2009, by and among Rockland Electric Company ("RECO" or the "Company"), the Staff of the New Jersey Board of Public Utilities ("Staff"), and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") (referred to collectively as the "Signatory Parties") to execute this Stipulation of Settlement ("Stipulation") for RECO's Energy Efficiency Stimulus Program ("EE Program").

The Signatory Parties do hereby join in recommending that the New Jersey Board of Public Utilities (the "Board") issue a Final Decision and Order approving this Stipulation, including the attachments and proposed sheets of RECO's electric service tariff as set forth herein.

BACKGROUND

1. On February 20, 2009, RECO filed a Petition (the "Petition") pursuant to the statutory requirements of the Regional Greenhouse Gas Initiative Act (the "RGGI Act"), as codified in N.J.S.A. 48:3-98.1. RECO's Petition was made in response to Governor Jon Corzine's announced plans on October 16, 2008 to provide immediate assistance to New Jersey's residents and for economic growth for the State ("Economic Stimulus Plan" or "Plan"). Among other things, the Governor's Economic Plan sought to strengthen economic activity, stimulate employment, and provide energy cost savings to consumers by moving aggressively forward with energy efficiency programs that work with the State's energy utilities. Following the Governor's announced Plan, RECO engaged in many meetings, communications and document exchanges with the Governor's Office, Staff, and/or Rate Counsel regarding the potential menu of energy efficiency programs that an energy utility could choose to implement to support the Economic Stimulus Plan, and regarding specific programs and cost recovery for RECO's service territory, as described in the Petition. In January 2009, the Board requested that RECO file a Petition setting forth its proposed energy efficiency stimulus programs and rate recovery method.

2. RECO's Petition sought Board approval to implement a three-year EE Program and recover program costs and revenue requirements through the Company's RGGI Surcharge. In the Petition, RECO proposed the following four EE Program components:

- The Residential Whole House Program, including a comprehensive whole house energy audit, direct installation of cost-effective whole house electrical energy savings measures in high use residential homes, the provision of rebate incentives for installation of high efficiency HVAC equipment and appliances, and the provision of energy efficiency kits with compact fluorescent light bulbs and energy education materials, at an estimated total three-year cost of $2.02 million for the participation of 9,300 residential customers annually.

- The On-Line Energy Audit Program, including the provision of online software to allow customers to conduct "do it yourself" home energy audits by linking to the customers' billing history and identifying areas for energy reduction, at an estimated three-year cost of $350,000.
- The Market Potential Study, including the performance of a study to determine the base-line efficiency for RECO's service territory to allow the development of appropriate program goals and permit the design of cost-effective programs that target all customer segments, at an estimated first year cost of $400,000.
- The USF Low Income Audit and Direct Install Program, including the provision of free energy efficiency measures, recommended as a result of an energy audit, to customers in RECO's Universal Service Fund ("USF") Program at an estimated first year cost of $320,000 for participation of 100 customers.

RECO's Petition stated that its programs are targeted primarily to residential customers since RECO's service territory is primarily residential in character and such customers would benefit from reductions to energy costs in this time of economic distress. RECO's proposed energy efficiency programs were developed to support economic development and job growth consistent with the Governor's Economic Stimulus Plan, to generate energy savings, and to promote conservation and reductions in greenhouse gas emissions consistent with the State's goals as set forth in the Energy Master Plan.

3. By letter dated March 20, 2009, in conformance with the Board's May 12, 2008 Order in Docket No. EO08030164 implementing the requirements of the RGGI Act, the Board's Staff advised the Company that the Petition was deemed administratively complete and that the 180 day period prescribed by the RGGI Act for final Board determination of the filing ("180 Day RGGI Period") would commence as of February 20, 2009 and end on August 19, 2009 ("RGGI Date").

4. By Order dated February 19, 2009, the Board retained this matter for review and hearing and designated Board President Jeanne M. Fox as the presiding officer. By Order dated May 15, 2009, President Fox set the procedural schedule in this matter.

5. On March 27, 2009, the Natural Resources Defense Council ("NRDC") filed a motion to intervene. By Order dated April 28, 2009, President Fox granted intervention to NRDC.

6. Extensive interrogatories, document requests, and informal discovery questions in this matter were propounded by Staff and Rate Counsel and the Company responded timely thereto.

7. In addition, on June 10, 2009, the EE Program was forwarded to the Rutgers University Center for Energy, Economic and Environmental Policy ("CEEEP") for performance of a Cost Benefit Analysis ("CBA").

8. By Order dated August 19, 2009, the Board approved a Stipulation among the Signatory Parties extending the RGGI Date to September 24, 2009 for the purpose of extending the 180 Day RGGI Period. By Order dated September 16, 2009, the Board approved a Stipulation among the Signatory Parties further extending the RGGI Date until November 23, 2009 for the purpose of further extending the 180 Day RGGI Period.

9. Public Notice was provided and public hearings on the Company's EE Program filing were held on June 25, 2009 at 4:00 p.m. and 6:00 p.m. at the Mahwah Township Hall in Mahwah, New Jersey. No members of the public appeared at the public hearings.

10. During the period following the filing of the Company's Petition until the execution of this Stipulation, the Signatory Parties participated in a number of settlement conferences. The Signatory Parties agreed to submit this Stipulation to the Board for its review and approval, the terms of which are set forth herein. Specifically, the Signatory Parties hereby **STIPULATE AND AGREE** as follows:

STIPULATED MATTERS

A. Energy Efficiency Programs

11. The Company represents that the three EE Program components ('Sub-Programs") identified in Attachment 1, attached hereto and incorporated herein by reference, are in the public interest and will create jobs in support of the Governor's Economic Stimulus Plan. The total cost of the one year EE Program is $990,250 and the total estimated jobs to be created is approximately four (4) as set forth in Attachment 1.

The one year budgets for each of the agreed upon Sub-Programs are as follows:

	Expenditure
Low Income Audit and Install Sub-Program	$770,000
Residential Enhanced Rebate Sub-Program	130,250
On-Line Energy Audit Sub-Program	90,000
Total EE Program Expenditures	$990,250

12. At this time, RECO will not implement the Market Potential Study proposed in the Petition. RECO reserves the right to propose a similar program in the future.

13. RECO will implement the On-Line Energy Audit Sub-Program as set forth in Attachment 2. The On-Line Energy Audit Sub-Program has been modified from the Petition

proposal to reduce the estimated budget for this Program from $350,000 for a three-year period to $90,000 for a one-year period. This revised budget will cover both start up costs and the first year operating and maintenance costs. After the end of the EE Program, RECO proposes to recover on-going operation and maintenance costs for the On-Line Energy Audit from the Outreach and Education funding requested in its current base rate case.

14. RECO will implement the Residential Enhanced Rebate Sub-Program as set forth in Attachment 2. The Residential Enhanced Rebate Program replaces the Residential Whole House Program proposed in the Petition that will not be implemented. While the original proposed Residential Whole House Program duplicated certain features of the Clean Energy Program's Home Performance with Energy Star ("HPES") Program, such as a home energy audit and the installation of energy efficiency measures, the Residential Enhanced Rebate Sub-Program has eliminated these features and eliminated the promotional energy efficiency kits, while tying the enhanced HVAC rebates to participation in the HPES Program.

15. RECO will implement the Low Income Audit and Install Sub-Program as set forth in Attachment 2. The Low Income Audit and Install Sub-Program has been modified from the Petition proposal to increase the funding levels for energy efficiency measures from a cap of $2,000 per household to a cap of $6,500 in order to be consistent with increased funding levels for the NJ Comfort Partners Program. Moreover, and also to be consistent with Comfort Partners, the Company has expanded the eligibility requirements from only USF Program participants, to USF Program participants, 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, Temporary Assistance to Needy Families or Section 8 Housing.

16. Energy savings estimates for energy efficiency stimulus programs reference customers' existing equipment as a baseline in addition to the standard efficiencies for new equipment embedded in current NJ Energy Savings Protocols.

B. Program Evaluation

17. Based on the Company's representations and the analysis performed on July 8, 2009, and subsequently modified by CEEEP on November 17, 2009, the proposed EE Sub-Programs appear to be cost effective and consistent with the Governor's Economic Stimulus Plan. For the purpose of obtaining information to assist in the development of future EE Programs, each Sub-Program, as implemented, will be the subject of a program evaluation, which will include:

a. Cost/benefit analysis, including a Participant Cost Test ("PCT"), Program Administration Cost Test ("PAC"), Ratepayer Impact Measure ("RIM"), Total Resource Cost ("TRC"), and Societal Cost Test ("SCT"), to be performed by CEEEP after having been retained by the Board; using a methodology used by the CEEEP and provided to the NJ Clean Energy Program by CEEEP; and

b. Impact evaluation, to be performed by CEEEP or a subcontractor to be retained by CEEEP.

CEEEP will follow its internal procurement process in retaining such subcontractor in accordance with the terms of the contract between CEEEP and the Board. If the Board is unable to retain CEEEP to perform the evaluation services identified in parts "b" above, then such evaluations shall be performed by a third party vendor to be retained by the Board pursuant to State procurement laws.

18. All residential customers of record in RECO's service territory who meet the individual Sub-Program criteria, including any income eligibility criteria applicable to the Low Income Audit and Install Sub-Program criteria, will be eligible for the Sub-Programs, including those customers who are protected by the Board's Winter Moratorium rules.

C. Cost Recovery

19. RECO will recover the net revenue requirements associated with the EE Program via the Company's RGGI Surcharge. The RGGI Surcharge will be applicable to all rate schedules on an equal cents per kilowatt-hour basis for recovery of costs associated with the EE Program. The RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually, as described herein. The initial RGGI Surcharge[1] will be based on estimated EE Program revenue requirements from the later of January 1, 2010 or the date of the written Board Order, to December 31, 2010 and a forecast of the Company's kWh deliveries to customers during the twelve month period ending December 31, 2010. Thereafter, the RGGI Surcharge will be adjusted on an annual basis incorporating a true-up for any prior period over-or under-recoveries, an estimate of the revenue requirements for the upcoming year, and the forecasted kWh deliveries to customers during the upcoming year in which the revised RGGI Surcharge will be in effect.

20. The Signatory Parties stipulate that the EE Program revenue requirements recovered through the RGGI Surcharge will be calculated to include a return on investment and a return of investment through amortization of the associated regulatory asset over sixty (60) months or five (5) years. The investment subject to deferral and recovery over the 60-

[1] As approved by the Board, RECO currently uses the RGGI Surcharge to recover the costs and revenue requirements of the Demand Response Working Group Program (Docket No. EO08050326). Therefore, references herein to the "initial RGGI Surcharge" refer to that Surcharge upon the initial adjustment approved herein to begin the recovery of the EE Program revenue requirements.

month period and a return thereon includes all incremental program costs, e.g., rebates, incentives, inspections, and contracted processes. The Signatory Parties further stipulate that this initial calculation will use the Weighted Average Cost of Capital ("WACC") used to set rates in the Company's most recently completed rate case, BPU Docket No.ER06060483, which was 7.83%, (10.97% on a pre-tax basis) based upon a return on equity of 9.75%. The Signatory Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case (including the Company's now-pending base rate case) will be reflected in the subsequent monthly revenue requirement and interest calculations. The Signatory Parties further agree that any change in the Revenue Requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over and under recoveries until the next scheduled annual true-up but in any event, no later than January 1 of the subsequent year. The calculation of the revenue requirement for the purpose of setting the initial RGGI Surcharge for the twelve month period ending December 31, 2010 is set forth in Attachment 3 attached hereto and made a part of this Stipulation, and will initially be structured to produce revenues of approximately $247,292.

21. In calculating the monthly interest on net over- and under-recoveries, the interest rate shall be based upon the rate as determined by the Board in its Order dated October 21, 2008 in Docket No. ER08060455. As set forth in that Order, the interest rate shall be the interest rate based on two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus 60 basis points, but shall not exceed RECO's pre-tax WACC as identified in Paragraph 20 above. The interest rate shall be reset each

month. The interest amount charged to the RGGI Surcharge balances will be computed using the following methodology set forth in Attachment 4 attached hereto and made a part of this Stipulation. The calculation of monthly interest shall be based on the net of tax beginning and ending average monthly balance. The monthly over-and under-recovery calculation will be based on actual revenues and the actual revenue requirement in each month. The Company shall accrue simple interest on any over- or under- recovered balances with an annual roll-in at the end of each 12-month reconciliation period. The true-up calculation of over- and under-recoveries, including interest, shall be included in the Company's annual petition ("Annual Filing") to adjust its RGGI Surcharge.

22. The Signatory Parties request that the Board set the effective date of the revised RGGI Surcharge to incorporate the revenue requirement provided for herein as January 1, 2010.

23. The EE Program is a one year program ending on December 31, 2010. However, the work associated with starting up the EE Program will commence upon receipt of a written Board Order in this proceeding and the costs of such work shall be subject to deferral and recovery in accordance with this Stipulation. Recovery of the EE Program revenue requirement will continue through the RGGI Surcharge following the conclusion of the EE Program Sub-Programs until all EE Program revenue requirements are fully recovered.

24. The RGGI Surcharge will be subject to adjustment and true-up through the deferral process and any required adjustment will be included in the over/under-recovered balance to be recovered from or returned to ratepayers over the following year. Any Board-ordered cost recovery adjustments resulting from the review of the actual EE Program costs

will be made to the over/under-recovered deferred balance and reflected in the charges established for the following year pursuant to a Final Board Order. The Signatory Parties stipulate that the Company will submit the Annual Filing, commencing for the 2011 annual period on a calendar basis, with copies provided to the Signatory Parties September 1 and annually thereafter for a proposed implementation of January 1 of each year. Each Annual Filing will contain a reconciliation of the Company's RGGI Surcharge recoveries and actual revenue requirements for the prior period and a forecast of revenue requirements associated with the EE Program for the upcoming 12-month period. The Annual Filing also will present actual costs to the extent incurred since the previous annual review and such costs will then be reviewed for reasonableness and prudency. The Annual Filing will provide information set forth in the Minimum Filing Requirements ("MFRs") attached hereto as Attachment 5 and made a part of this Stipulation. The Annual Filing will be subject to review by the Signatory Parties with opportunity for discovery and filed comments prior to the issuance of a Board Order establishing the Company's revised RGGI Surcharge. The issuance of a written Board Order will be preceded by adequate Public Notice and Public Hearings if required by law.

25. The Signatory Parties agree that the proposed rates, as set forth in the tariff sheets in Attachment 6, attached hereto are just and reasonable and RECO is authorized to implement the proposed rates on January 1, 2010 as set forth in the written Board Order approving this Stipulation.

D. Rate Impact

26. As currently projected, the EE Program component of the RGGI Surcharge would initially be set at \$0.000167/kWh, including Sales and Use Tax ("SUT") (\$0.000156/kWh

without SUT), as set forth in Attachment 3, which would be in effect for the initial twelve-month period ending December 31, 2010 to recover an estimated revenue requirement of approximately $247,292. This initial EE Program component of the RGGI Surcharge will result in a monthly rate increase for a typical residential customer using 925 kWh per month of $0.16 or 0.09% or approximately $1.92 annually during the initial twelve-month period.

E. Program and Budget Flexibility

27. Based on market response including customer demand, spending on the EE Program or any Sub-Program may be accelerated and/or completed sooner than the proposed period.

28. Based on market response, the Company may propose to modify Sub-Programs during the term of the EE Program. No such modification shall take effect without approval by the Board. To propose a modification, the Company shall submit to the Signatory Parties, in writing, a description of its proposed modifications, the rationale for its proposed modifications, and a narrative and schedules showing the effect of its proposed modifications on the costs and benefits of the affected sub-programs. The Company shall present the proposed modifications to the Board for approval if no objections to the proposed modifications are received within forty-five (45) days after that filing. The Company will also report on these modifications in its Annual Filing and the monthly reporting described below. The Company will work with Board's Office of Clean Energy ("OCE") Staff to develop the appropriate processes to meet OCE reporting requirements.

F. Reporting

29. The Company will provide monthly reports ("Monthly Activity Reports") to the OCE Staff on EE Program activity and estimated impacts for each month commencing

with the first month after EE Program implementation. The Company will include data in these reports consistent with the data reported from the Board's Clean Energy Program with respect to energy efficiency. The Company will submit its Monthly Activity Reports in a format that can be electronically uploaded to the Clean Energy Program's reporting system consistent with the utility reporting requirements for the NJ Clean Energy Program. The Company will submit each Monthly Activity Report within thirty (30) days after the end of each month covered by the report.

G. Job Creation

30. The Company agrees to report, on a monthly basis, as required in the Minimum Filing Requirements, Attachment 5, (i) the number of full-time equivalents that the Company hires to perform work associated with the EE program and (ii) the number of full-time equivalents that entities under contract with the Company hire to perform such work. The Signatory Parties agree that reporting of job creation in the monthly report will be in the format contained in the Job Creation Questionnaire, attached hereto as Attachment 7. For the purpose of reporting jobs associated with the Company's EE programs, "full-time equivalent" means one or more individuals collectively working a total of 1,820 hours annually in connection with the Company's EE program.

31. On February 17, 2009, the Federal American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. No. 111-5) was signed into law by President Barack Obama. Subject to any restrictions set forth in the ARRA and other applicable law, if the Company receives federal funds or credits directly related to any of the EE Sub-Programs through the ARRA, the Company agrees to utilize such funds or credits to offset the respective EE Sub-Program's costs. If funding or credits from the ARRA or any subsequent state or federal

action is received by the Company through the State of New Jersey, a County or Municipality for program reimbursement, the Company agrees that any such funds or credits directly applicable to work related to the any of the EE Sub-Programs will be used to benefit customers by offsetting the costs for which recovery will be sought to the extent permitted by law.

However, if the Company is advised by Staff that the combination of (i) Federal ARRA funding, (ii) NJCEP incentive funding, and (iii) incentives provided for a project (e.g., an appliance) as part of the approved Residential Enhanced Rebate Sub-Program would fund more than 100% of a project's costs through rebates or other direct incentives, the Signatory Parties agree that, subject to any restrictions set forth in the ARRA and other applicable law, incentive funding approved through the Residential Enhanced Rebate Sub-Program shall be reduced as directed by Staff for prospective projects to bring the total rebates and incentives to no greater than 100% of the project's costs.

CONCLUSION

32. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

33. It is the intent of the Signatory Parties that the provisions hereof be approved by the Board as being in the public interest. The Signatory Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

34. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Company, the Board, its Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them and shall not be asserted in any other proceeding, except to enforce

the terms of this Stipulation.

WHEREFORE, the Signatory Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof.

ROCKLAND ELECTRIC COMPANY
Petitioner

By: ______________________
James C. Meyer, Esq.
Riker Danzig Scherer Hyland & Perretti, LLP
Attorneys for Rockland Electric Company

Dated: November 19, 2009

DEPARTMENT OF THE PUBLIC ADVOCATE
RONALD K. CHEN, PUBLIC ADVOCATE

By ______________________
Stefanie A. Brand, Director
Division of Rate Counsel

Dated: November , 2009

STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES
ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY

By: ______________________
Caroline Vachier
Deputy Attorney General

Dated: November , 2009

Attachment 1

Direct Labor Creation Estimate - Rockland Electric Energy Efficiency, Economic Stimulus Plan

Program	Work Description	Work Volume	Labor Estimate
USF Low Income	BPI Certified Energy Auditing	100 Home Audits and customer education	.5 FTE Auditing
	Measures Installation	100 measures installation jobs includes air sealing, related measures installation and specialty subcontracting (insulation and HVAC for example)	.5 FTE Measures Installation
	Appliance Removal and Delivery		.25 FTE Appliance Removal and Delivery
	Office - Scheduling and Data Entry	Telephone and clerical work to support outreach, qualification, enrollment, and reporting.	.25 Office Clerical (mailing, scheduling and data entry)
Residential Enhanced Rebate Program			
High Efficiency Equipment Rebates	Outreach and Marketing and Materials Development	Outreach to distributors and installing contractors	.1 FTE
	Rebate Processing	Rebate Processing	.25 FTE
	BPI Certified Energy Auditing	Home Performance Program - additional volume (100 Tier 1-2 audits)	1 FTE
Personal Energy Profile Online	Analysis and Programming	Customizing and programming on-line software	1 FTE
	On-going system support and development	Maintaining and on-going system development	TBD

Attachment 2

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

PROGRAM	LOW INCOME AUDIT AND INSTALL PROGRAM
Description of Program	The Low Income Audit and Direct Install Program (Program) is designed to provide energy efficiency measures, to customers currently enrolled in Rockland Electric Company's (RECO or the Company) Universal Service Fund ("USF") Program. The Program is also available to any household with income at or below 225% of the federal poverty guidelines. Customers who receive Federal Supplemental Security Income (SSI), Home Energy Assistance (HEAP), Lifeline, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Temporary Assistance to Needy Families (TANF), or Section 8 Housing also may be eligible. This market segment is challenged economically to meet basic needs alone and therefore realizes a critical market barrier to making energy efficiency investments. Measures will be identified as a result of an energy audit provided by BPI certified auditors, including appropriate health and safety testing, initial blower door readings, an assessment of cost effective retrofit opportunities and recommendations for energy efficiency improvements. The results are shared with the customer as an educational tool and to seek the customer's approval for measures to be completed or customer actions taken which will result in energy savings. Measures selected for installations must be identified by the audit as cost effective and may include: blower door guided air sealing, weather stripping, caulking, bypass sealing, duct sealing, HVAC tune-up, filter change and repairs, programmable thermostats, envelope measures including insulation, windows or door replacement, refrigerator removal and replacements, room air conditioner removal and replacement and electric DHW savings measures such temperature reduction, low flow showerheads and aerators, tank wrap. The Company will provide a maximum measures value of $6,500 per household. RECO understands that in certain situations it may be cost effective to go beyond this limit, or that prudent repairs related to structural or health and safety concerns must be addressed in order to proceed with the installation of energy savings measures. On a case by case basis, such situations will be reviewed and approved based on the merits of the work to be performed, the savings to be generated and concerns for properly addressing potential health and safety concerns in the home. The Company will coordinate with Public Service Electric and Gas, (the over-lapping gas utility) to address gas savings measures for program participants. Rockland Electric Company will either provide the audit to Public Service Electric and Gas for inclusion through the Comfort Partners Program or Rockland Electric will complete the measures itself and invoice Public Service Electric and Gas accordingly.

Attachment 2

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

<table>
<tr><td>Market Segment/ Efficiency Targeted</td><td colspan="3">RECO presently has about 630 USF customers within the service territory. While the program is open to all income-eligible customers, for this program, RECO will identify the highest users among the USF customers for target marketing with the goal of completing 100 qualified customers, or reaching the program budget, within the program term.</td></tr>
<tr><td>Delivery Method</td><td colspan="3">RECO will deliver program services through an implementation contractor. RECO will identify the USF customers with the highest electric usage for initial marketing. Through direct mail and follow-up telemarketing, these customers will be offered the program until the first 100 customer enrollments are completed or the funds for the program are expended. Customers applying to the Program that are not USF customers, but who meet the eligibility requirements or income levels specified above, will also be permitted to participate on a first-come, first-served basis.

Participating customers will receive an energy audit provided by a BPI certified auditor. The audit will include health and safety testing, identification of cost effective measures, and information to encourage the customer to accept the measures offered by the program as well as to proceed with actions they might do on their own to facilitate reduction of energy use.

Upon customer acceptance, installation of recommended measures may take place at the initial visit and or follow-up visits as necessary to properly complete up to $6,500 worth of the most cost effective measures.</td></tr>
<tr><td>Estimated Program Participants</td><td>100</td><td>Estimated savings</td><td>To be determined by CEEEP</td></tr>
<tr><td>Link to existing programs</td><td colspan="3">Customers will be made aware of available programs such as the NJ Clean Energy Rebate Programs and Home Performance. Additionally, the auditor will reference additional assistance programs, such as HEAP and WAP programs, although most USF program participants are already aware of such offerings.</td></tr>
</table>

Attachment 2

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

Existing Incentives	• HWAP • HEAP • Comfort Partners* *RECO has petitioned to be removed from Comfort Partners and proposes this program to address a greater number of low-income weatherization participants in the RECO territory.	**Proposed Incentives**	• BPI Audit including health and safety testing, and energy education • Installation of up to $6,500 of measures at no cost. • Additional measures, repairs or health and safety concerns may be addressed and will be considered on a case by case basis.
Estimated avoided air emissions	Estimates to be based on CEEEP Savings Calculations using 1340 lbs CO^2 per MWh savings Source : Energy Information Administration, Updated State and Regional Level. Greenhouse Gas Emission Factors for Electricity (March 2002), http:/www.eia.doe.gov/oiaf/1605/e-factor.html.		
Anticipated Job Creation	2 FTE – BPI certified auditor, installation technician, scheduling and clerical assistance. Additional job creation may be realized through increased sales of products used and appliances replaced.		
Budget information	$ 770,000 (1 year)		
Marketing Approach	RECO proposes to identify the highest electric users among the approximately 630 USF Program participants within the RECO service territory. Starting with the highest users, customers will be approached through direct mail and follow-up telemarketing. RECO will enroll customers on a first-come, first-served basis until the end of the program or until the budgeted amounts are fully expended, whichever occurs first.		
Cost Recovery/ Rate design	RGGI Surcharge		

Attachment 2

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

Contractor Role	RECO will utilize qualified BPI certified contractor(s) for provision of the energy audit and installation. It is expected that contractors will provide much of the air-sealing and other measures directly at the audit as well as utilizing qualified subcontractors for specialized services such as insulation, HVAC repairs, and appliance removal and replacement.

Attachment 2

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

PROGRAM	RESIDENTIAL ENHANCED REBATE PROGRAM
Description of Program	The primary objective of the Residential Enhanced Rebate Program is to induce residential energy consumers in their electric HVAC purchase decisions to select energy efficient products and to use enhanced HVAC rebates to motivate customers to participate in the Office of Clean Energy's ("OCE") Home Performance with Energy Star Program. **High Efficiency Electric HVAC Enhanced Incentives** Consumers often make purchase decisions based on first cost, a known market barrier where high efficiency HVAC equipment and appliances are often higher cost. This is true of both consumers looking at purchase price and sellers who may not represent the higher efficiency option fearing it may jeopardize a sale. RECO will offer to RECO customers enhanced incentives for the purchase and installation of high efficiency electric HVAC equipment already eligible for rebates under the OCE's CoolAdvantage Program to help address the incremental additional costs associated with the high efficiency equipment. The enhanced rebates for the whole house HVAC equipment, (central air conditioning, central heat pumps, geothermal heat pumps and ductless mini-split units) will be coordinated with the New Jersey Home Performance with Energy Star Program. The rebates for this equipment will only be available to customers who participate in the OCE's Home Performance with Energy Star Program ("HPES") and who do not achieve the Tier 3 level of 25% savings and receive incentives for the equipment under that program. Customers applying for the Rockland Electric rebate directly, without proof of participation in the HPSE Program, will be directed to the Home Performance Program, and based on meeting other eligibility requirements, will be issued the rebate after their participation in that program. Rebates for the whole house HVAC equipment will be paid out upon proof of participation in HPES. **Equipment will include:** Central A/C and Heat Pump Geothermal Heat Pump Mini Split (Ductless) A/C and Heat Pump .
Market Segment/ Efficiency Targeted	RECO will target all residential customers.
Delivery Method	The program is open to all RECO residential customers. The program will be promoted through different media, including website, bill inserts and bill messages, articles in the Company's @Home newsletter, as well as

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

	coordinated outreach with certain NJ Clean Energy Programs. Presently the NJCEP conducts outreach to HVAC contractors through the WARMAdvantage and COOLAdvantage Programs. This outreach is done through the Eastern Heating and Cooling Council who identifies contractors and reaches out to them to assure knowledge of the NJCEP offering and the availability of related training. RECO proposes to work with these representatives to include the RECO program materials so that trade allies servicing the RECO service territory are aware of the RECO offering and supplied with program applications. Customers who complete purchase and installation of qualified equipment will submit a program application directly to RECO. If the customer is also participating in the related NJ Clean Energy Program, they may supply a copy of that application and purchase documentation to RECO in lieu of a RECO program application. For the noted whole house HVAC equipment, the customer must demonstrate proof of participation in the HPES program. Upon receipt, RECO will review the customer and equipment information supplied to assure compliance with the guidelines. If critical information is omitted, RECO will contact the customer to request this missing information and hold the incentive processing pending receipt of this. RECO will select a 10% portion for quality assurance site inspections. If possible and appropriate, RECO will coordinate inspection results with the NJ Clean Energy Programs. Upon confirmation, that all qualifications are achieved, RECO will release the incentive payment directly to the customer.		
Estimated Program Participants	101	**Estimated savings**	To be determined by CEEEP
Link to existing programs	Existing programs under OCE include: Home Performance with Energy Star CoolAdvantage		

Attachment 2

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

Existing Incentives	• NJ CEP Home Performance with Energy Star currently offers tiered incentive levels based on the total amount of work performed. • NJ CEP CoolAdvantage provides incentives for high efficiency electric HVAC equipment.	**Proposed Enhanced Incentives**	• High Efficiency HVAC and Appliance Incentives: $750 Cust - Central A/C $750 Cust - Central HP $1,500 Cust – Geothermal HP $300 Cust - Ductless Mini Split A/C or HP
Estimated avoided air emissions	TBD based on CEEEP energy savings analysis * using 1340 lbs CO^2 per MWh Source : Energy Information Administration, Updated State and Regional Level. Greenhouse Gas Emission Factors for Electricity (March 2002), http:/www.eia.doe.gov/oiaf/1605/e-factor.html. To be based on existing NJDEP protocols.		
Anticipated Job Creation	RECO anticipates job creation directly in the areas of BPI certified auditors and other supporting staff required to meet the increased volume of Home Performance Program participation. Additional job creation will include program outreach and marketing as well as minimal job creation will be associated with rebate processing and inspections. RECO estimates direct job creation of approximately 2.25 FTEs. Additionally, the program may increase jobs creation indirectly in the areas of product sales, installation and manufacturing of the equipment covered.		
Budget information	$ 130,250		
Marketing Approach	RECO proposes to promote the program through the RECO website, bill messages, bill inserts, @Home and community events. RECO will also engage in outreach with trade ally partners including HVAC contractors and appliance retailers.		
Cost Recovery/ Rate design	RGGI Surcharge		

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

Contractor Role	RECO anticipates managing and administering the program internally, but the program implementation may be outsourced through a competitive procurement process.

Attachment 2

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

PROGRAM	ON-LINE ENERGY AUDIT PROGRAM
Description of Program	The on-line energy audit will provide a detailed home energy audit that is simple to understand and will inform customers about their energy efficiency status, help them determine what energy efficiency improvements steps will be beneficial and provide the supporting economic analysis for making those improvements. The system will be linked to the RECO customer billing system so that the utility energy use information is accurate and current. The software will utilize detailed breakdowns of energy consumption end uses, appliance and equipment inventories and dollar expenditures, to make recommendations for energy efficient retrofits. Energy efficiency tips are offered along with corresponding energy savings benefits and estimated costs. The customer's actual historical usage is driven through proven engineering algorithms and local weather data to produce simple payback calculations for each energy efficiency recommendation to help justify the customer decision to proceed with energy efficiency upgrades. The On-line tool will provide energy education, support recommended measures with cost benefit analysis and provide direction for consumers to take the next step. Some consumers that may not take advantage of programs, such as rebate and installation programs, for various reasons prior to gaining this knowledge in advance. As such, the on-line profile will help over-come this barrier, allowing the customer to educate themselves in the privacy of their own home, at their own schedule. The program can also be used as a promotional tool for other energy efficiency and demand response programs in the future. For instance, if the audit reveals that the customer's refrigerator is approaching the end of its useful life, the audit can refer the customer to available rebates in the State. In addition, the program can be used as a survey tool for the Company in gathering information about appliance saturation in the service territory that can help in planning and designing future energy efficiency and demand response programs. Other utilities in the State have obtained on-line audit programs, either on their own or through an upgrade to of the OCE's audit program, that

Attachment 2

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

	provide the type of integration with the customer's actual historic usage that the Company is seeking in this program. This integration provides a higher level of accuracy than the more generic audit products.		
Market Segment/ Efficiency Targeted	All RECO residential customers with existing RECO accounts.		
Delivery Method	RECO has already explored options with three qualified, established suppliers of software and support services for this program. The Company will complete its evaluation these options based on cost and product quality value. The product providing the best over-all value will be selected. The contractor selected will work with RECO to fully integrate the software with RECO's customer billing system and maintain current references to related energy efficiency programs which might be available to support customers with their energy efficiency activities.		
Estimated Program Participants	10,000 Web Site Visits	**Estimated savings**	Savings will ultimately be generated through the customer's energy efficiency actions, many may include participation in existing programs, as customers are informed and motivated to take action.
Link to existing programs	• The audit will provide recommendations and cost benefit analysis which will drive users to take a wide variety of actions. These actions may lead to participation in numerous programs offered by RECO, the NJ Clean Energy Programs and/or other utility programs, including but not limited to: • RECO's AC Cycling Program *upon approval • NJ Clean Energy, Home Performance with Energy Star Program • NJ Clean Energy Cool/Warm Advantage Programs • NJ Clean Energy, Energy Star Products Program • RECO's Enhanced Rebate Program • The audit program will be designed to promote these programs as applicable to the customer based on the data received.		
Existing Incentives	NA	**Proposed Incentive**	NA

Attachment 2

Rockland Electric Company
Energy Efficiency Economic Stimulus Programs

Estimated avoided air emissions	This program will drive customers to take action independently or through other RECO, NJ Clean Energy or other utility programs.
Anticipated Job Creation	Programmer analyst to customize software to RECO specifications and then maintain software with enhancements and keep current as new programs and new technologies become available.
Budget information	$ 90,000 (Start up and maintenance, 12 months)
Marketing Approach	The on-line tool will be marketed through bill inserts, web site presence and print ads. Additionally, the customer call center will drive customers to the site as a first level resource for customers seeking to reduce their energy use, energy costs, and carbon foot print.
Cost Recovery/ Rate design	RGGI Surcharge
Contractor Role	RECO will select a contractor based on the best product value. The contractor will customize the energy audit software to meet the RECO program specifications, including area specific weather data access, rates, related program information and interface with the customer billing system. On-going support and maintenance is expected to maintain currency as new programs become available.

ROCKLAND ELECTRIC COMPANY
ECONOMIC STIMULUS ENERGY EFFICIENCY PROGRAM
MONTHLY REVENUE REQUIREMENT
January - December 2010

		Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
1.	Program Spending	22,000	96,114	74,114	74,114	74,114	74,114	74,114	74,114	74,114	74,114	74,114	74,114	859,250
2.	Cumulative Spending	22,000	118,114	192,227	266,341	340,455	414,568	488,682	562,795	636,909	711,023	785,136	859,250	
3.														
4.														
5.	Gross Expenditures	22,000	118,114	192,227	266,341	340,455	414,568	488,682	562,795	636,909	711,023	785,136	859,250	
6.	Accumulated Amortization	367	2,335	5,539	9,978	15,652	22,562	30,706	40,086	50,702	62,552	75,638	89,958	
7.	Net Expenditures	21,633	115,778	186,688	256,363	324,802	392,006	457,975	522,709	586,208	648,471	709,499	769,292	
8.	Accumulated Deferred Tax	8,852	47,377	76,393	104,904	132,909	160,409	187,404	213,893	239,876	265,354	290,327	314,794	
9.	Under/(Over) Recovery Balance	12,781	68,402	110,295	151,459	191,893	231,597	270,572	308,817	346,331	383,117	419,172	454,498	
10.														
11.	Return Requirement	83	446	720	988	1,252	1,511	1,765	2,015	2,260	2,500	2,735	2,965	
12.	Equity Portion	48	258	417	572	725	875	1,022	1,167	1,309	1,448	1,584	1,718	
13.														
14.														
15.	Revenue	466	2,518	4,155	5,767	7,373	8,972	10,565	12,150	13,730	15,302	16,868	18,427	116,292
16.														
17.	Expenses:													
18.	Amortization	367	1,969	3,204	4,439	5,674	6,909	8,145	9,380	10,615	11,850	13,086	14,321	
19.	Administrative Costs													
20.	Interest Expense	18	111	245	359	471	581	689	795	899	1,001	1,101	1,199	
21.	Deferred Expenses	0	0	0	0	0	0	0	0	0	0	0	0	
22.	Taxable Income	82	438	705	969	1,227	1,481	1,731	1,975	2,215	2,451	2,681	2,907	
23.	Federal and State Taxes	33	179	289	396	502	606	708	808	906	1,003	1,097	1,190	
24.	Net Income	48	258	417	572	725	875	1,022	1,167	1,309	1,448	1,584	1,718	
25.														
26.														
27.	Deferred Cost Recovery (from 15 above)	466	2,518	4,155	5,767	7,373	8,972	10,565	12,150	13,730	15,302	16,868	18,427	116,292
28.	O&M	10,000	12,500	12,750	17,750	17,750	12,750	5,000	5,000	5,000	5,000	5,000	22,500	131,000
29.	Total Revenue Requirement	10,466	15,018	16,905	23,517	25,123	21,722	15,565	17,150	18,730	20,302	21,868	40,927	247,292

Calculation of Energy Efficiency Component of RGGI Surcharge

30.	Amount to be Recovered (January - December 2010)	$247,292
31.	Forecast MWh	1,583,549
32.	EE RGGI Component (¢/kWh)	0.0156
33.	EE RGGI Component w/SUT (¢/kWh)	0.0167

ROCKLAND ELECTRIC COMPANY
ECONOMIC STIMULUS - ENERGY EFFICIENCY SURCHARGE MECHANISM
SAMPLE CALCULATION OF MONTHLY OVER/UNDER RECOVERY

Year 1 Assumptions:	**Projected Annual**	**Actual Annual**
Revenue Requirement - Year 1	$247,292	$247,574
Total Sales (KWh)	1,583,549,000	1,662,726,450
Recovery Rate (excl SUT)	$0.000156	$0.000156
Total Amount Actually Collected		$259,657

Revenue Breakdown:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Year 1	6.00%	6.00%	6.50%	7.00%	8.00%	10.50%	12.00%	12.00%	10.50%	7.50%	7.00%	7.00%	100.00%
Interest Rate (Annual - Assuming Fixed Rate)													
Year 1	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	

Year 1 - As Projected Initially Based on Uniform Monthly Rev. Req.

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
Revenue Requirement	$20,608	$20,608	$20,608	$20,608	$20,608	$20,608	$20,608	$20,608	$20,608	$20,608	$20,608	$20,608	$247,292
Monthly Recoveries	(14,838)	(14,838)	(16,074)	(17,310)	(19,783)	(25,966)	(29,675)	(29,675)	(25,966)	(18,547)	(17,310)	(17,310)	($247,292)
(Over)/Under Recovery	$5,770	$5,770	$4,534	$3,297	$824	($5,358)	($9,067)	($9,067)	($5,358)	$2,061	$3,297	$3,297	$0
Beginning Balance - (Over)/Under Recovery	$0	$5,770	$11,540	$16,074	$19,371	$20,196	$14,838	$5,770	($3,297)	($8,655)	($6,594)	($3,297)	
Ending Balance (Over)/Under Recovery	$5,770	$11,540	$16,074	$19,371	$20,196	$14,838	$5,770	($3,297)	($8,655)	($6,594)	($3,297)	($0)	
Average Balance (Over)/Under	$2,885	$8,655	$13,807	$17,723	$19,783	$17,517	$10,304	$1,236	($5,976)	($7,625)	($4,946)	($1,649)	
Average Balance (Over)/Under - Net of Tax	$1,707	$5,120	$8,167	$10,483	$11,702	$10,361	$6,095	$731	($3,535)	($4,510)	($2,925)	($975)	
Interest Rate (Monthly)	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	
Interest (To Customer) /To Company	$7	$21	$34	$44	$49	$43	$25	$3	($15)	($19)	($12)	($4)	$177

Year 1 - Actual	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Total
Revenue Requirement	$10,675	$14,867	$16,566	$24,223	$22,611	$20,636	$16,187	$18,866	$18,730	$19,287	$23,180	$41,746	$247,574
Monthly Recoveries	(15,579)	(15,579)	(16,878)	(18,176)	(20,773)	(27,264)	(31,159)	(31,159)	(27,264)	(19,474)	(18,176)	(18,176)	($259,657)
(Over)/Under Recovery	($4,904)	($712)	($311)	$6,047	$1,838	($6,628)	($14,972)	($12,293)	($8,534)	($187)	$5,004	$23,570	($12,083)
Beginning Balance - (Over)/Under Recovery	$0	($4,904)	($5,616)	($5,927)	$119	$1,957	($4,671)	($19,642)	($31,936)	($40,470)	($40,657)	($35,653)	
Ending Balance (Over)/Under Recovery	($4,904)	($5,616)	($5,927)	$119	$1,957	($4,671)	($19,642)	($31,936)	($40,470)	($40,657)	($35,653)	($12,083)	
Average Balance (Over)/Under	($2,452)	($5,260)	($5,772)	($2,904)	$1,038	($1,357)	($12,156)	($25,789)	($36,203)	($40,564)	($38,155)	($23,868)	
Average Balance (Over)/Under - Net of Tax	($1,450)	($3,111)	($3,414)	($1,718)	$614	($802)	($7,191)	($15,254)	($21,414)	($23,993)	($22,569)	($14,118)	
Interest Rate (Monthly)	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	
Interest (To Customer) /To Company	($6)	($13)	($14)	($7)	$3	($3)	($30)	($64)	($89)	($100)	($94)	($59)	($477)

ROCKLAND ELECTRIC COMPANY
ECONOMIC STIMULUS - ENERGY EFFICIENCY SURCHARGE MECHANISM
SAMPLE CALCULATION OF MONTHLY OVER/UNDER RECOVERY

Year 2 Assumptions:	**Projected Annual**	**Actual Annual**
Revenue Requirement - Year 2	$215,814	$221,000
Year 1 True-Up (Over)/Under	($12,083)	($12,083)
Year 1 Interest (To Customer)/To Company	($477)	($477)
Total Amount to be Collected	$203,254	$208,440
Total Sales (KWh)	1,588,349,000	1,635,999,470
Recovery Rate (excl SUT)	$0.000128	$0.000128
Total Amount Actually Collected		$209,352

Revenue Breakdown:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Year 2	6.00%	6.00%	6.50%	7.00%	8.00%	10.50%	12.00%	12.00%	10.50%	7.50%	7.00%	7.00%	100.00%
Interest Rate (Annual - Assuming Fixed Rate)													
Year 2	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	

Year 2 - As Projected Initially Based on Uniform Monthly Rev. Req.

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Revenue Requirement	$17,985	$17,985	$17,985	$17,985	$17,985	$17,985	$17,985	$17,985	$17,985	$17,985	$17,985	$17,985	$215,814
Interest Plus (Over)/Under Recovery	(12,560)												(12,560)
Monthly Recoveries	(12,195)	(12,195)	(13,212)	(14,228)	(16,260)	(21,342)	(24,391)	(24,391)	(21,342)	(15,244)	(14,228)	(14,228)	(203,254)
(Over)/Under Recovery	($6,771)	$5,789	$4,773	$3,757	$1,724	($3,357)	($6,406)	($6,406)	($3,357)	$2,740	$3,757	$3,757	$0
Beginning Balance - (Over)/Under Recovery	($12,560)	($6,771)	($982)	$3,791	$7,548	$9,272	$5,915	($491)	($6,897)	($10,254)	($7,513)	($3,757)	
Ending Balance (Over)/Under Recovery	($6,771)	($982)	$3,791	$7,548	$9,272	$5,915	($491)	($6,897)	($10,254)	($7,513)	($3,757)	($0)	
Average Balance (Over)/Under	($9,665)	($3,876)	$1,405	$5,670	$8,410	$7,594	$2,712	($3,694)	($8,575)	($8,884)	($5,635)	($1,878)	
Average Balance (Over)/Under - Net of Tax	($5,717)	($2,293)	$831	$3,354	$4,975	$4,492	$1,604	($2,185)	($5,072)	($5,255)	($3,333)	($1,111)	
Interest Rate (Monthly)	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	
Interest (To Customer) /To Company	($23)	($9)	$3	$13	$20	$18	$6	($9)	($20)	($21)	($13)	($4)	($39)

Year 2 - Actual	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Revenue Requirement	$19,330	$17,966	$17,525	$18,723	$19,911	$18,384	$18,484	$17,511	$17,080	$19,131	$18,518	$18,437	$221,000
Interest Plus (Over)/Under Recovery	(12,560)												(12,560)
Monthly Recoveries	(12,561)	(12,561)	(13,608)	(14,655)	(16,748)	(21,982)	(25,122)	(25,122)	(21,982)	(15,701)	(14,655)	(14,655)	(209,352)
(Over)/Under Recovery	($5,791)	$5,405	$3,917	$4,069	$3,162	($3,598)	($6,638)	($7,611)	($4,902)	$3,430	$3,864	$3,782	($912)
Beginning Balance - (Over)/Under Recovery	($12,560)	($5,791)	($386)	$3,531	$7,600	$10,762	$7,164	$526	($7,085)	($11,988)	($8,558)	($4,694)	
Ending Balance (Over)/Under Recovery	($5,791)	($386)	$3,531	$7,600	$10,762	$7,164	$526	($7,085)	($11,988)	($8,558)	($4,694)	($912)	
Average Balance (Over)/Under	($9,175)	($3,088)	$1,573	$5,566	$9,181	$8,963	$3,845	($3,280)	($9,536)	($10,273)	($6,626)	($2,803)	
Average Balance (Over)/Under - Net of Tax	($5,427)	($1,827)	$930	$3,292	$5,431	$5,302	$2,274	($1,940)	($5,641)	($6,076)	($3,919)	($1,658)	
Interest Rate (Monthly)	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	
Interest (To Customer) /To Company	($22)	($7)	$4	$13	$22	$21	$9	($8)	($23)	($24)	($16)	($7)	($37)

ATTACHMENT 5

Minimum Filing Requirements

1. Direct FTE employment impacts, as defined in Paragraph 30 of the Stipulation, including a breakdown by sub-program.
2. A quarterly revenue requirement calculation based on program expenditures, showing the actual quarterly revenue requirement for each of the past twelve months or clause-review period, as well as supporting calculations, including the information related to the tax rate and revenue multiplier used in the revenue requirement calculation.
3. For the review period, actual revenues, by month and by rate class recorded under the programs.
4. Monthly beginning and ending clause balances, as well as the average balance net of tax for the 12-month period.
5. The interest rate used each month for over/under recoveries, and all supporting documentation and calculations for the interest rate.
6. The interest expense to be charged or credited to ratepayers each month.
7. A schedule showing budgeted versus actual program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives, including inspections and quality control, program implementation (all contract costs), evaluation, and any other costs.
8. The monthly journal entries relating to regulatory asset and O&M expenses for the 12 month review period.
9. Supporting details for all administrative costs included in the revenue requirement.
10. Information supporting the carrying cost used for the unamortized costs.
11. Number of program participants, including a breakdown by sub-program.

GENERAL INFORMATION

No. 30 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") SURCHARGE

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

(a) Demand Response Working Group Modified Program ("DRWG Program"); and
(b) Energy Efficiency Stimulus Program ("EES Program").

DRWG Program

The DRWG Program component of the RGGI Surcharge to be effective for service rendered from May 1, 2009 through September 30, 2009, shall be set to 0.0012 cents per kWh including sales and use tax ("SUT"). The DRWG Program will be in effect from June 1, 2009 through September 30, 2009. The difference between the actual monthly costs associated with the DRWG Program and actual recoveries through the DRWG Program component of the RGGI Surcharge will be deferred, with interest, for future recovery. Interest will be included in the deferred balance for both an over-collection and for an under-collection and will be calculated as determined by the Board in its Order dated October 21, 2008 in Docket Number ER08060455.

By the later of December 1, 2009 or 30 days after the delivery of the PJM performance report, the Company shall file with the Board a true-up filing to recover from, or refund to, customers any under- or over-collection associated with the DRWG Program. Such true-up shall be recovered through the RGGI Surcharge commencing the first of the month following the Board's acceptance of the Company's true-up filing.

EES Program

The EES Program component of the RGGI Surcharge shall be set to 0.0167 cents per kWh including SUT. The EES Program component of the RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually by comparing the actual amounts subject to recovery to the actual amounts collected. Any difference will be included in the EES Program component of the following year's RGGI Surcharge. The difference between the actual monthly revenue requirement associated with the EES Program and actual recoveries through the EES Program component of the RGGI Surcharge will be deferred, with interest, for future recovery. Interest will be included in the deferred balance for both an over-collection and for an under-collection and will be calculated as determined by the Board in its Order dated October 21, 2008 in Docket Number ER08060455.

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

Attachment 7

ROCKLAND ELECTRIC COMPANY
ENERGY EFFICIENCY PROGRAM

PUBLIC UTILITY STIMULUS FILINGS
JOB CREATION SURVEY INSTRUCTIONS

Rockland Electric Company agrees to comply with this requested reporting format.

PART A: Program Information

Please provide the following information related to the Company’s energy efficiency program:

(1) Budget

(2) Total time

(3) Type of building

(4) Target number of projects

PART B: Typical Project

In order to provide a better understanding of the Company’s estimates, the following questions ask about a typical project under this filing:

(1) What is the size of a typical or average project in this program? Indicate the estimate in square feet.

(2) How much will the typical project described above cost to complete?

(3) How long (in days) will it take to complete the typical project described above?

(4) What is the total number of workers (FTE) needed to complete this project?

PART C: Jobs

The Company’s filing indicated the total number of jobs that will be necessary to complete this project. This section asks more detailed questions about those.

(1) *Total number of jobs from filing*: Please identify the total number of jobs created listed in the Company’s filing. Please update if this figure has changed.

(2) *Source of formula for jobs estimate*: What is the source or formula the Company used to create the job projects? Please include supporting documentation.

(3) *Occupation title:* What is the title of the occupation?

(4) *Total jobs:* Please provide the average number of people in this position the Company estimates will be needed for the program. Also provide the Company's minimum and maximum estimates, based on demand for this program.

(5) *New jobs:* Please provide the average number of <u>*new*</u> people in this position the Company estimates will be needed for the program. Also provide the Company's minimum and maximum estimates based on demand for this program.

(6) *Requirements:*

(a) *Minimum education:* What is the minimum education level needed for people in this occupation?

(b) *Certification:* What types of certifications are necessary for people in this occupation, if any?

(c) *Skills:* What specific skills are necessary for people in this occupation?

(7) *Entry Level:* Is this occupation one that can be filled by entry-level workers without training or experience? Check 'Y' for YES or 'N' for NO.

PART D: Contracts

Some of the work identified in the Company's filing will be contracted out. This section asks specific questions about these proposed contracts.

(1) *Type of contract:* What type of business services will this contract target?

(2) *Number of this type:* How many contracts of this type do you expect to make?

(3) *Number of projects:* How many projects will be served by this type of contract?

(4) *Estimated number of workers:* How many workers will be employed by this contract?

(5) *Estimated number of new workers:* How many new workers will be hired by this contract?

(6) *Occupation titles of workers:* What are the specific occupation titles of workers who will be help fulfill this contract?

PART E: Comments

Please provide any additional information that will be helpful in evaluating the job creation portion of your filing.