



Agenda Date: 12/12/16
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF)
ROCKLAND ELECTRIC COMPANY FOR APPROVAL)
OF AN ENERGY EFFICIENCY STIMULUS PROGRAM)
AND ASSOCIATED RATE RECOVERY – 2015)
ANNUAL TRUE-UP (LOW INCOME AUDIT II)
PROGRAM))
ORDER APPROVING
STIPULATION

DOCKET NO. ER16020097

Parties of Record:

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

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) considers a Stipulation of Settlement (“Stipulation”) executed by Rockland Electric Company (“RECO” or the “Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, the “Signatory Parties”) intended to resolve the above captioned matter.

BACKGROUND/PROCEDURAL HISTORY

By Order dated November 23, 2009 in Docket Nos. EO09010056 and EO09010061, the Board approved a stipulation authorizing RECO to implement an Energy Efficiency Stimulus Program (“2009 EES Program”)¹ As part of the 2009 EES Program, RECO was authorized to implement three programs, one of which was the Low Income Audit and Install Program (“Low Income Audit I Program”). The November 2009 Order authorized the Company to recover costs associated with the 2009 EES Program through an EES Program Surcharge component of its RGGI Surcharge. By Order dated March 30, 2011, the Board authorized RECO to continue its 2009 EES Program through December 31, 2011.² Subsequently, through a series of Board

¹ In re Energy Efficiency Programs and Associated Cost Recovery Mechanisms and I/M/O the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Cost Recovery, BPU Docket Nos. EO09010056 and EO09010061, Order dated November 23, 2009. (“November 2009 Order”)

² In re the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery- Extension Request, BPU Docket No. EO10120987, Order dated March 30, 2011.

Orders, the Board authorized RECO to extend its Low Income Audit I Program through December 2013.³

By petition dated June 21, 2013, the Company filed for authorization to implement a Low Income Audit and Direct Install Energy Efficiency II Program ("Low Income Audit II Program"). By Order dated April 24, 2014, the Board approved the Low Income Audit II Program, which was similar to the Low Income Audit I Program.⁴ The April 2014 Order authorized the Company to implement a Low Income Audit II Program surcharge component of its RGGI Surcharge of 0.0083 cents per kWh, including Sales and Use Tax ("SUT") (0.0078 cents per kWh, excluding SUT).

By Order dated June 29, 2016, the Board authorized the Company to implement its current RGGI Surcharge of 0.0192 cents per kWh, including SUT (0.0180 cents per kWh, excluding SUT). The RGGI Surcharge contained two components: (1) an EES Program Surcharge⁵ of 0.0179 cents per kWh, including SUT (0.0168 cents per kWh, excluding SUT); and (2) a Low Income Audit II Program Surcharge of 0.0013 cents per kWh, including SUT (0.0012 cents per kWh, excluding SUT).⁶

Low Income Audit II Program Cost Recovery Petition

By petition dated January 29, 2016, the Company filed its annual true-up for the Low Income Audit II Program in Docket No. ER16020097. The true-up petition proposed a decrease in the Low Income Audit II Program component rate of the RGGI Surcharge to 0.0008 cents per kWh, including SUT (0.0008 cents per kWh, excluding SUT). On September 9, 2016, the Company updated its actual expenses and revenues through August 31, 2016 and its projected expenses for the remainder of 2016. As a result of the updates, the proposed Low Income Audit II Program component of the RGGI Surcharge rate decreased from the current surcharge of 0.0013 cents per kWh to a credit of 0.0017 cents per kWh, including SUT (0.0016 cents per kWh, excluding SUT).

STIPULATION

Following discovery, the Parties reached a settlement of all issues and on November 14, 2016 executed the Stipulation. The Stipulation provides the following:⁷

³ In re the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery- Extension Request, BPU Docket No. EO12020115, Order dated March 12, 2012; and In re the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Cost Recovery Mechanisms- Extension Request, BPU Docket No. EO12121073, Order dated March 20, 2013.

⁴ In re the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Stimulus Program and Associated Rate Recovery, BPU Docket No. ER13060535, Order dated April 24, 2014. ("April 2014 Order")

⁵ The EES Program Surcharge component of the RGGI Surcharge recovers costs associated with the 2009 EES Program and associated extensions through December 31, 2013.

⁶ In re the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Stimulus Program and Associated Rate Recovery – 2014 Annual True-Up, BPU Docket No. EO14090972; In re the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Stimulus Program and Associated Rate Recovery – 2015 Annual True-Up, BPU Docket No. ER15090996; and In re the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Stimulus Program and Associated Rate Recovery – Low Income Audit II Program 2015 Annual True-Up, BPU Docket No. ER15040424, Order dated June 29, 2016.

⁷ Although summarized 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 conclusion in this Order.

8. The Signatory Parties agree that the Company will implement a RGGI Surcharge of 0.0162 cents per kWh, including SUT (0.0152 cents per kWh, excluding SUT), to be effective the first day of the month following service of the Board Order approving the Stipulation. As set forth in Appendix A attached to the Stipulation, the RGGI Surcharge contains two components: (1) an EES Program surcharge of 0.0179 cents per kWh, including SUT (0.0168 cents per kWh, excluding SUT), which remains unchanged; and (2) a revised Low Income Audit II Program credit of 0.0017 cents per kWh, including SUT (0.0016 cents per kWh, excluding SUT).
9. A clean and redline of the RGGI Surcharge tariff leaf showing the change in rate is attached to the Stipulation as Appendix B.
10. The Signatory Parties agree that the proposed rate, as set forth in Appendix A, attached to the Stipulation, is just and reasonable and the Company is authorized to implement the proposed rate on the first day of the month following the date upon which the Board Order approving the Stipulation is served on the parties of record.
11. As agreed to in the May 2016 Stipulation future annual filings will include information to review both the EES Program and the Low Income Audit II Program true ups. Such filings will be filed annually by February 1, commencing in 2017. When filing future petitions, RECO will provide electronic files supporting its petition with all formulas intact via email to Board Staff and Rate Counsel.
12. If the Board approves the Stipulation, a RGGI Surcharge will be set at 0.0162 cents per kWh, including SUT (0.0152 cents per kWh, excluding SUT), as set forth in Appendix B to the Stipulation, which would be in effect until changed by the Board. For a typical residential customer using 808 kWh per summer month, and 7,800 kWh on an annual basis, the current monthly average bill will decrease from \$117.28 to \$117.25, or 0.03%.

DISCUSSION AND FINDING

The Board has carefully reviewed the record in this matter, including the petition and the Stipulation. Accordingly, the Board is satisfied and **HEREBY FINDS** that the Stipulation represents a fair and reasonable resolution of the issues and demonstrates that the costs through August 2016 have been reviewed and determined to be both reasonable and prudent, and is therefore in public interest. The Board **HEREBY ADOPTS** the attached Stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein. The Board **HEREBY DIRECTS** the Signatory Parties to comply with the terms and conditions incorporated within the Stipulation.

As a result of the Board's approval of the Stipulation, the Low Income Audit II Program component of the RGGI Surcharge will decrease from the current rate of 0.0013 cents per kWh, including SUT (0.0012 cents per kWh, excluding SUT) to a credit of 0.0017 cents per kWh, including SUT (0.0016 cents per kWh, excluding SUT). The Company's current RGGI Surcharge of 0.0192 cents per kWh, including SUT (0.0180 cents per kWh, excluding SUT) will decrease to 0.0162 cents per kWh, including SUT (0.0152 cents per kWh, excluding SUT).

These changes shall become effective for services rendered on or after January 1, 2017. The Board **HEREBY ORDERS** the Company to file the appropriate revised tariff sheets consistent with the terms of this Order prior to January 1, 2017. RECO is further **DIRECTED** to reflect the reduction of the SUT rate in its tariff compliance filing.

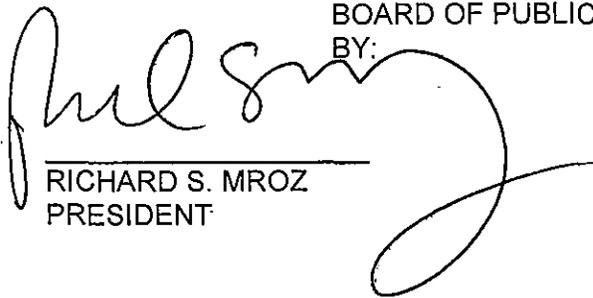
As a result of the Board's approval of the Stipulation, a typical residential customer using 808 kWh per summer month, and 7,800 kWh on an annual basis, will experience a decrease in the current monthly average bill from \$117.28 to \$117.25, or \$0.03, or 0.03%.

This Board Order shall be effective on December 22, 2016.

The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determine to be appropriate as a result of any such audit.

DATED: 12/12/16

BOARD OF PUBLIC UTILITIES
BY:



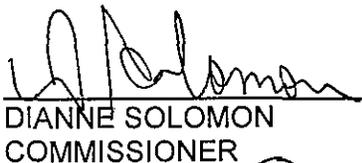
RICHARD S. MROZ
PRESIDENT



JOSEPH L. FIORDALISO
COMMISSIONER



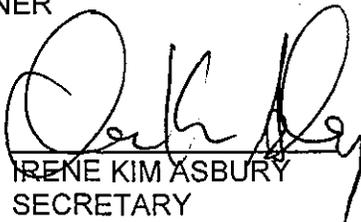
MARY-ANNA HOLDEN
COMMISSIONER



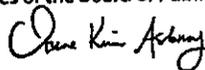
DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



**IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR
APPROVAL OF AN ENERGY EFFICIENCY STIMULUS PROGRAM AND ASSOCIATED RATE
RECOVERY – 2015 ANNUAL TRUE-UP (LOW INCOME AUDIT II PROGRAM)
BPU DOCKET NO. ER16020097**

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

**IN THE MATTER OF THE VERIFIED
PETITION OF ROCKLAND ELECTRIC
COMPANY FOR APPROVAL OF AN
ENERGY EFFICIENCY STIMULUS
PROGRAM AND ASSOCIATED RATE
RECOVERY – 2015 ANNUAL TRUE-UP
(LOW INCOME AUDIT II PROGRAM)**

STIPULATION OF SETTLEMENT

BPU DOCKET NO. ER16020097

APPEARANCES:

John L. Carley, Attorney for the Petitioner, Rockland Electric Company

Brian Lipman, Litigation Manager, Felicia Thomas-Friel, Deputy Rate Counsel and Kurt S. Lewandowski, Assistant Deputy Rate Counsel, Division of Rate Counsel (Stefanie A. Brand, Director)

Alex Moreau and Christopher Psihoules, Deputy Attorneys General, for Staff of the New Jersey Board of Public Utilities (Christopher S. Porrino, Attorney General of New Jersey)

TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES

It is hereby AGREED, as of the 14th day of November 2016, by and among Rockland Electric Company (“RECO” or “Company”), the Staff of the New Jersey Board of Public Utilities (“Staff”), and the Division of Rate Counsel (“Rate Counsel”) (referred to individually as “Signatory Party” and collectively as “Signatory Parties”) to execute this Stipulation of Settlement (“Stipulation”) and join in recommending that the New Jersey Board of Public Utilities (“Board”) issue a Final Decision and Order approving this Stipulation, including the attachments and proposed sheets of the Company’s electric service tariff as set forth herein.

BACKGROUND

1. By this Stipulation, the Company establishes a revised rate for its Regional Greenhouse Gas Initiative (“RGGI”) Surcharge, which currently has the following two components: (1) the Energy Efficiency Stimulus Program (“EES Program”) component,¹ and (2) the Low Income Audit and Direct Install Energy Efficiency Program (“Low Income Audit II Program”) component.
2. On June 21, 2013, the Company filed a Verified Petition in Docket No. ER13060535 seeking Board approval to administer a new energy efficiency program called the Low Income Audit and Direct Install Energy Efficiency II Program (“Low Income Audit II Program”). The Low Income Audit II Program was approved by Board Order dated April 24, 2014 in Docket No. ER13060535. (“April 2014 Order”) The April 2014 Order established an initial Low Income Audit II Program rate of 0.0083 cents per kWh including Sales and Use Tax (“SUT”).
3. On January 29, 2016, the Company filed its 2015 true-up for the Low Income Audit II Program in Docket No. ER16020097. The 2015 true-up proposed a decrease in the Low Income Audit II Program rate to 0.0008 cents per kWh, including SUT (0.0008 cents per kWh, excluding SUT).
4. On May 18, 2016, the Company, Staff and Rate Counsel entered into a Stipulation of Settlement (“May 2016 Stipulation”) for the 2014 true-up for the Low Income Audit II Program component of the RGGI Surcharge, and the 2014 and 2015 true-ups for the EES Program component of the RGGI Surcharge. The Board’s June 29, 2016 order adopted the May 2016 Stipulation. The RGGI Surcharge of 0.0192 cents per kWh, including SUT (0.0180 cents per kWh, excluding SUT), became effective August 1, 2016, and consisted of: (1) an EES Program

¹ The EES Program rate component of the RGGI Surcharge of 0.0179 ¢/kWh, including Sales and Use Tax (“SUT”), which became effective on August 1, 2016, remains unchanged.

surcharge of 0.0179 cents per kWh, including SUT (0.0168 cents per kWh, excluding SUT), and (2) a Low Income Audit II Program surcharge of 0.0013 cents per kWh, including SUT (0.0012 cents per kWh, excluding SUT).

5. In response to discovery, on September 9, 2016, the Company updated its actual expenses and revenues for the 2015 true-up of the Low Income Audit II Program through August 31, 2016, and its projected expenses and revenues for the remainder of 2016. As a result of the updates, the proposed Low Income Audit II Program component of the RGGI Surcharge rate decreased from the current surcharge of 0.0013 cents per kWh to a credit of 0.0017 cents per kWh, including SUT (0.0016 cents per kWh, excluding SUT).

6. As a result of the update to the Low Income Audit II Program, the Company's current RGGI Surcharge of 0.0192 cents per kWh, including SUT (0.0180 cents per kWh, excluding SUT), decreases to 0.0162 cents per kWh, including SUT (0.0152 cents per kWh, excluding SUT).

7. The Signatory Parties 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. RGGI Surcharge

8. The Signatory Parties agree that the Company will implement a RGGI Surcharge of 0.0162 cents per kWh, including SUT (0.0152 cents per kWh, excluding SUT), to be effective the first day of the month following service of the Board Order approving this Stipulation in accordance with N.J.S.A. 48:2-40. As set forth in Appendix A attached to this Stipulation, the RGGI Surcharge contains two components: (1) an EES Program surcharge of 0.0179 cents per

kWh, including SUT (0.0168 cents per kWh, excluding SUT), which remains unchanged, and (2) a revised Low Income Audit II Program credit of 0.0017 cents per kWh, including SUT (0.0016 cents per kWh, excluding SUT).

9. A clean and redline of the RGGI Surcharge tariff leaf showing the change in rate is attached hereto as Appendix B.

10. The Signatory Parties agree that the proposed rate, as set forth in Appendix A, attached hereto, is just and reasonable and the Company is authorized to implement the proposed rate on the first day of the month following the date upon which the Board Order approving this Stipulation is served on the Company and Rate Counsel in accordance with N.J.S.A. 48:2-40.

11. As agreed to in the May 2016 Stipulation future annual filings will include information to review both the EES Program and the Low Income Audit II Program true ups. Such filings will be filed annually by February 1, commencing in 2017. When filing future petitions, RECO will provide electronic files supporting its petition with all formulas intact via email to Board Staff and Rate Counsel.

B. Rate Impact

12. If the Board approves this Stipulation, a RGGI Surcharge will be set at 0.0162 cents per kWh, including SUT (0.0152 cents per kWh, excluding SUT), as set forth in Appendix B, which will be in effect until changed by the Board. For a typical residential customer using 808 kWh per summer month, and 7,800 kWh on an annual basis, the current monthly average bill will decrease from \$117.28 to \$117.25, or \$0.03, or 0.03%.

CONCLUSION

13. 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 Signatory 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.

14. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Signatory 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. 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. 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, Board 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.

15. 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.

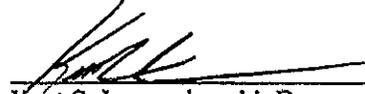
WHEREFORE, the Signatory Parties do respectfully submit this Stipulation and request that the Board issue an appropriate Order approving it in its entirety, in accordance with the terms hereof.

ROCKLAND ELECTRIC COMPANY

By 
John L. Carley
Attorney for Rockland Electric Company

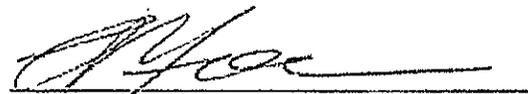
**DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR**

By


Kurt S. Lewandowski, Esq.
Asst. Deputy Rate Counsel

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES
CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY**

By


Alex Moreau
Deputy Attorney General

APPENDIX A

ROCKLAND ELECTRIC COMPANY

Determination of Regional Greenhouse Gas Initiative ("RGGI") Surcharge

Determination of Low Income Audit II Program Reconciliation Adjustment Component of RGG Surcharge

Low Income Audit II Program Recoveries (January 1, 2015 - December 31, 2015)	\$122,882
Low Income Audit II Program Revenue Requirement	51,287
Prior Period Reconciliation (Over)/Under Recovery - See Page 2	<u>(65,780)</u>
Low Income Audit II Program (Over)/Under Recovery Balance	(137,374)
Interest (Over)/Under Recovery Balance	<u>(794)</u>
Total Low Income Audit II Program (Over)/Under Recovery Balance for 12 ME 12/31/2015	(138,168)
Projected Sales (kWh) 12 months ending December 31, 2016	1,568,094,660
\$ per kWh Reconciliation to be (Refunded)/Surcharged	(\$0.000088)
Sales and Use Tax ("SUT")	1.07
Low Income Audit II Program Reconciliation Adjustment	(\$0.000094)

Determination of Forecast Low Income Audit II Program Component of RGGI Surcharge

Revenue Requirement for 12 Months Ending December 31, 2016	\$112,182
Projected Sales (kWh) 12 months ending December 31, 2016	1,568,094,660
\$ per kWh Projected Spending to be (Refunded)/Surcharged	\$0.000072
Sales and Use Tax ("SUT")	1.07
Low Income Audit II Program Charge	\$0.000077

RGGI Surcharge

Proposed Low Income Audit II Program Component of RGGI Surcharge Excluding SUT (\$ per kWh)	(\$0.000016)
Proposed Low Income Audit II Program Component of RGGI Surcharge Including SUT (\$ per kWh)	(\$0.000017)

ROCKLAND ELECTRIC COMPANY

**Determination of RGGI Surcharge to be Effective with
Service Rendered on or after June 1, 2016**

<u>RGGI Rate Components</u>	<u>Excl. SUT (¢/kWh)</u>	<u>Incl. SUT (¢/kWh)</u>
EES Program	0.0168	0.0179
Low Income Audit II Program	<u>-0.0016</u>	<u>-0.0017</u>
Total	0.0152	0.0162

ROCKLAND ELECTRIC COMPANY

Calculation of Over/Under Recovery Associated with Low Income Audit II Program Component of RGGI Surcharge

	<u>Jan-15</u> Actual	<u>Feb-15</u> Actual	<u>Mar-15</u> Actual	<u>Apr-15</u> Actual	<u>May-15</u> Actual	<u>Jun-15</u> Actual	<u>Jul-15</u> Actual	<u>Aug-15</u> Actual	<u>Sep-15</u> Actual	<u>Oct-15</u> Actual	<u>Nov-15</u> Actual	<u>Dec-15</u> Actual	<u>Total</u>
1. Determination of (Over)/Under Recovered Balance													
Revenue Requirement @ WACC = 7.83%	\$0	\$183	\$4,125	\$4,637	\$8,640	\$5,667	\$7,205	\$4,433	\$4,799	\$3,813	\$5,149	\$4,836	\$51,287
Prior Period Reconciliation Adj. ¹	(\$65,780)												(\$65,780)
Monthly Recoveries	9,860	10,208	9,795	8,290	8,739	10,833	12,447	13,123	12,442	9,336	8,746	9,062	\$122,882
(Over)/Under Recovery	<u>(\$75,640)</u>	<u>(\$10,025)</u>	<u>(\$5,670)</u>	<u>(\$3,653)</u>	<u>(\$2,099)</u>	<u>(\$5,166)</u>	<u>(\$5,242)</u>	<u>(\$8,690)</u>	<u>(\$7,644)</u>	<u>(\$5,722)</u>	<u>(\$3,598)</u>	<u>(\$4,227)</u>	<u>(\$137,374)</u>
2. Determination of Interest													
(Over)/Under Recovery	<u>(\$75,640)</u>	<u>(\$10,025)</u>	<u>(\$5,670)</u>	<u>(\$3,653)</u>	<u>(\$2,099)</u>	<u>(\$5,166)</u>	<u>(\$5,242)</u>	<u>(\$8,690)</u>	<u>(\$7,644)</u>	<u>(\$5,722)</u>	<u>(\$3,598)</u>	<u>(\$4,227)</u>	<u>(\$137,374)</u>
Beginning Balance - (Over)/Under Recovery	(\$65,780)	(\$75,640)	(\$85,665)	(\$91,335)	(\$94,988)	(\$97,087)	(\$102,252)	(\$107,494)	(\$116,184)	(\$123,828)	(\$129,550)	(\$133,148)	
Ending Balance (Over)/Under Recovery	<u>(\$75,640)</u>	<u>(\$85,665)</u>	<u>(\$91,335)</u>	<u>(\$94,988)</u>	<u>(\$97,087)</u>	<u>(\$102,252)</u>	<u>(\$107,494)</u>	<u>(\$116,184)</u>	<u>(\$123,828)</u>	<u>(\$129,550)</u>	<u>(\$133,148)</u>	<u>(\$137,374)</u>	
Average Balance (Over)/Under	(\$70,710)	(\$80,653)	(\$88,500)	(\$93,161)	(\$96,037)	(\$99,669)	(\$104,873)	(\$111,839)	(\$120,006)	(\$126,689)	(\$131,349)	(\$135,261)	
Average Balance (Over)/Under - Net of Tax	(\$41,825)	(\$47,706)	(\$52,348)	(\$55,105)	(\$56,806)	(\$58,954)	(\$62,033)	(\$66,153)	(\$70,984)	(\$74,937)	(\$77,693)	(\$80,007)	
Interest Rate (Annual) ²	1.28%	1.09%	1.26%	1.15%	1.20%	1.24%	1.29%	1.28%	1.30%	1.24%	1.37%	1.51%	
Interest Rate (Monthly)	0.11%	0.09%	0.11%	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.10%	0.11%	0.13%	
Interest (To Customer) /To Company	(\$44)	(\$43)	(\$55)	(\$53)	(\$57)	(\$61)	(\$67)	(\$71)	(\$77)	(\$77)	(\$89)	(\$101)	<u>(\$794)</u>
													Total (Over)/Under Collection Including Interest
													<u>(\$138,168)</u>

Notes: ¹ Over recovery for the period January 1, 2014 through December 31, 2014.

² Federal Reserve Board US Treasury Securities at two year constant maturity plus 60 basis points.

ROCKLAND ELECTRIC COMPANY

Monthly Actual Revenue Summary by Service Classification ("SC") of the Low Income Audit II Component of the RGI Surcharge

<u>SC No.</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Total</u>
1	\$4,692	\$4,629	\$4,204	\$3,575	\$3,790	\$5,369	\$6,667	\$7,341	\$6,681	\$4,275	\$3,751	\$4,147	\$59,122
2	\$4,128	\$4,546	\$4,378	\$3,810	\$3,940	\$4,309	\$4,877	\$4,769	\$4,909	\$4,075	\$3,965	\$4,005	\$51,711
3	\$2	\$3	\$2	\$2	\$1	\$2	\$2	\$2	\$2	\$1	\$1	\$2	\$23
4	\$50	\$45	\$45	\$37	\$35	\$31	\$33	\$37	\$41	\$48	\$51	\$55	\$509
5	\$145	\$158	\$136	\$102	\$72	\$89	\$107	\$135	\$114	\$82	\$86	\$98	\$1,325
6	\$41	\$36	\$33	\$34	\$35	\$32	\$33	\$30	\$37	\$38	\$49	\$46	\$444
7	<u>\$1,491</u>	<u>\$1,505</u>	<u>\$1,682</u>	<u>\$1,312</u>	<u>\$1,477</u>	<u>\$1,759</u>	<u>\$1,600</u>	<u>\$1,726</u>	<u>\$1,529</u>	<u>\$1,470</u>	<u>\$1,454</u>	<u>\$1,344</u>	<u>\$18,349</u>
Total	\$10,550	\$10,923	\$10,480	\$8,871	\$9,350	\$11,591	\$13,318	\$14,042	\$13,313	\$9,989	\$9,359	\$9,697	\$131,483
Total Excluding SUT	\$9,860	\$10,208	\$9,795	\$8,290	\$8,739	\$10,833	\$12,447	\$13,123	\$12,442	\$9,336	\$8,746	\$9,062	\$122,882

ROCKLAND ELECTRIC COMPANY

**Low Income Audit II Program Component of RGGI Surcharge
Basic Assumptions**

Effective August 1, 2014

Amortization Period	60 Months
Equity Ratio	50.35%
Return on Equity	9.75%
Equity Component	4.91%
After-Tax WACC	7.83%
Effective Tax Rate	40.85%
Interest Expense	2.92%

ROCKLAND ELECTRIC COMPANY

Low Income Audit II Program Component of the RGGI Surcharge
Program Spending

	<u>Jan-15</u> <u>Actual</u>	<u>Feb-15</u> <u>Actual</u>	<u>Mar-15</u> <u>Actual</u>	<u>Apr-15</u> <u>Actual</u>	<u>May-15</u> <u>Actual</u>	<u>Jun-15</u> <u>Actual</u>	<u>Jul-15</u> <u>Actual</u>	<u>Aug-15</u> <u>Actual</u>	<u>Sep-15</u> <u>Actual</u>	<u>Oct-15</u> <u>Actual</u>	<u>Nov-15</u> <u>Actual</u>	<u>Dec-15</u> <u>Actual</u>	<u>Total</u>
Program Implementation Spending	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Program Incentive (Customer)	<u>\$0</u>	<u>\$5,323</u>	<u>\$767</u>	<u>\$0</u>	<u>\$16,529</u>	<u>\$22,619</u>							
Total Implementation and Incentive Spending	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,323	\$767	\$0	\$16,529	\$22,619
Administration	\$0	\$183	\$4,125	\$4,637	\$6,640	\$5,667	\$5,367	\$4,433	\$4,681	\$3,479	\$5,015	\$4,337	\$48,565
Marketing	\$0	\$0	\$0	\$0	\$0	\$0	\$1,839	\$0	\$0	\$0	\$0	\$0	\$1,839
Evaluation	<u>\$0</u>	<u>\$0</u>											
Total O&M Spending	\$0	\$183	\$4,125	\$4,637	\$6,640	\$5,667	\$7,205	\$4,433	\$4,681	\$3,479	\$5,015	\$4,337	\$50,403
Total Spending	\$0	\$183	\$4,125	\$4,637	\$6,640	\$5,667	\$7,205	\$4,433	\$10,004	\$4,247	\$5,015	\$20,866	\$73,023

Case ER13111135

Rockland Electric Company
Electric Service
Settlement Agreement
Consolidated Capital Structure
For Twelve Months Ending March 31, 2014
(000's)

	Amount (\$000's)	Ratio	Cost Rate	Weighted Average Ratio	Weighted Average Ratio
Long Term Debt	\$ 603.6	49.65%	5.89%	2.92%	2.92%
Common Equity	612	50.35%	9.75%	4.91%	8.31%
Total	\$ 1,215.8	100%		7.83%	11.24%

APPENDIX B

DRAFT

Revised Leaf No. 58
Superseding Revised Leaf No. 58

GENERAL INFORMATION

No. 34 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) Energy Efficiency Stimulus Program ("EES Program"); and
- (b) Low Income Audit and Direct Install Energy Efficiency Program ("Low Income Audit II Program").

The RGGI Surcharge to be effective on and after the date indicated below shall be set at 0.0162 cents per kWh, including sales and use tax ("SUT"). The RGGI Surcharge includes the following rate components:

	RGGI Surcharge Rate Components (Cents per kWh)	
	Excluding SUT	Including SUT
EES Program	0.0168	0.0179
Low Income Audit II Program	(0.0016)	(0.0017)
Total RGGI Surcharge	0.0152	0.0162

(a) EES Program

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.

On February 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 June 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 June 1.

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: Timothy Cawley, President
Mahwah, New Jersey 07430

DRAFT

Revised Leaf No. 58
 Superseding Revised Leaf No. 58

GENERAL INFORMATION

No. 34 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) Energy Efficiency Stimulus Program ("EES Program"); and
- (b) Low Income Audit and Direct Install Energy Efficiency Program ("Low Income Audit II Program").

The RGGI Surcharge to be effective on and after the date indicated below shall be set at ~~0.01920~~0.0162 cents per kWh, including sales and use tax ("SUT"). The RGGI Surcharge includes the following rate components:

	RGGI Surcharge Rate Components (Cents per kWh)	
	Excluding SUT	Including SUT
EES Program	0.0168	0.0179
Low Income Audit II Program	0.0012 <u>(0.0016)</u>	0.0043 <u>(0.0017)</u>
Total RGGI Surcharge	0.0180 <u>0.0152</u>	0.01920 <u>0.0162</u>

(a) EES Program

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.

On February 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 June 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 June 1.

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: Timothy Cawley, President
 Mahwah, New Jersey 07430