



Agenda Date: 10/6/21
Agenda Item: IIA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
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 CHANGES IN ELECTRIC RATES,)
ITS TARIFF FOR ELECTRIC SERVICE, AND ITS)
DEPRECIATION RATES; AND FOR OTHER)
RELIEF) BPU DOCKET NO. ER21050823
) OAL DOCKET NO. PUC 05219-21

Parties of Record:

James C. Meyer, Esq., Riker Danzig Scherer Hyland and Perretti LLP, on behalf of Rockland Electric Company
Brian Lipman, Esq., Acting Director, Division of Rate Counsel

BY THE BOARD:

On May 21, 2021, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, Rockland Electric Company ("RECO" or "Company"), a public utility of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"), filed a petition for approval of an increase in its current base rates for electric service of approximately \$16.9 million, excluding Sales and Use Tax ("SUT"), to be effective for electric service provided on or after June 21, 2021. The Company also sought Board approval to implement new depreciation rates. RECO's petition requested a return on equity of 10.0%.

According to the petition, the Company's current electric distribution rates are not just and reasonable as they do not produce an adequate, reasonable return on the Company's invested capital that is dedicated to the service of the Company's electric distribution customers, and do not provide sufficient revenues to recover the Company's investment in rate base, operating expenses, financing costs and taxes.

In the petition, RECO seeks authority from the Board to do the following:

1. Increase rates and charges for electric service that would result from the proposed amendments to the Company's tariff;
2. Recover significant incurred and deferred costs relating to Tropical Storm Isaias that struck RECO's service territory in August 2020;

3. Modify its electric and general plant depreciations;
4. Approve its adjustments to the net salvage allowance and net salvage true-up amortization to reflect the Company's more recent experience;
5. Consolidate the Securitization Petition, BPU Docket No. EO21030675, within the base rate case, and approve the proposed regulatory treatment of the winding-up of the transition bond transaction; and
6. Defer the cost of impact of any change in the federal or state corporate tax rate that occurs after its post-test year adjustments.

By Order dated June 9, 2021, the Board suspended the proposed rate increase until October 21, 2021 pending further action on this matter. The matter was subsequently transmitted to the Office of Administrative Law ("OAL") as a contested case, and was assigned to Administrative Law Judge ("ALJ") Thomas R. Betancourt for consideration and hearing. On July 7, 2021, ALJ Betancourt issued an order consolidating this matter with RECO's current filing regarding its transition bond transaction.¹

On July 28, 2021, RECO updated its petition to include nine (9) months of actual data and three (3) months of estimated data. The requested rate increase was modified to approximately \$16.1 million excluding SUT.

In light of the fact that this matter will not be completed by October 21, 2021, and in order to allow the ALJ sufficient time to conduct the case, it is **HEREBY ORDERED** that:

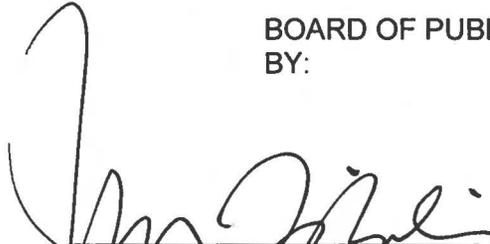
- (1) Pursuant to N.J.S.A. 48:2-21(d), and consistent with N.J.A.C. 14:1-5.12, the proposed revisions are suspended until February 21, 2022, unless prior to that date the Board makes a determination disposing of the petition or enters an Order further suspending the proposed revisions;
- (2) RECO shall, at least 10 days prior to the date set for hearing on the petition by the OAL, file with this Board, and with the OAL, proof of compliance with the notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c), which notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and
- (3) RECO shall serve copies of this Order upon the OAL, the Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, N.J. 08625), the clerk of each affected municipality, the clerk of the Boards of County Commissioners of each affected county, and where appropriate, the executive officer of the affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously. Proof of Service of this Order shall be filed with the Board.

¹ In re the Verified Petition of Rockland Electric Company for Approval of a Final Settlement of its Transition Bond Transaction; and Other Relief, BPU Docket No. EO21030675.

This Order shall be effective on October 13, 2021.

DATED: 10/6/21

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT
MARY-ANNA HOLDEN
COMMISSIONER
DIANNE SOLOMON
COMMISSIONER
UPENDRA J. CHIVUKULA
COMMISSIONER
ROBERT M. GORDON
COMMISSIONER

ATTEST:


AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR APPROVAL OF CHANGES IN ELECTRIC RATES, ITS TARIFF FOR ELECTRIC SERVICE, AND ITS DEPRECIATION RATES; AND FOR OTHER RELIEF

**BPU DOCKET NO. ER21050823
OAL DOCKET NOS. PUC 05218-21 AND PUC 05219-21**

SERVICE LIST

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