



Agenda Date: 5/18/22
Agenda Item: 2A

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 PETITION OF ROCKLAND)
ELECTRIC COMPANY FOR APPROVAL OF AN)
INFRASTRUCTURE INVESTMENT PROGRAM, AND)
RELATED COST RECOVERY MECHANISM)
)
) DOCKET NO. ER22030198

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
James C. Meyer, Esq., Riker Danzig Scherer Hyland and Perretti LLP, on behalf of Rockland Electric Company
John L. Carley, Esq., Consolidated Edison Company of New York, Inc. on behalf of Rockland Electric Company

BY THE BOARD:

On March 30, 2022, Rockland Electric Company (“RECO” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking approval of a five (5)-year Infrastructure Investment Program (“IIP” or “Program”) with a total investment level of \$209 million pursuant to N.J.S.A. 48:2-1 et seq. and N.J.A.C. 14:3-2A.1 et seq. (“II&R Rules”) (“Petition”).¹

In its Petition, Rockland proposed to invest in: 1) enhanced overhead storm hardening; 2) selective undergrounding; 3) underground rebuild and rehabilitation; and 4) Franklin Lakes substation and related high voltage distribution line projects. In accordance with the II&R Rules, RECO proposed an average baseline capital spending level of \$20.5 million per IIP year, which is based upon five (5) years of actual capital spending and five (5) years of projected capital spending. Additionally, pursuant to N.J.A.C. 14:3-2A.2(c), the Company identified \$25.9 million of projects similar to those proposed in the IIP that it would invest in outside of the Program over the five (5)-year IIP period, which is in excess of the required \$20.9 million.

RECO proposed to recover costs of the IIP through an IIP Surcharge, which would be a non-bypassable cents per kWh charge applicable to all RECO distribution customers. According to

¹ On December 19, 2017, the Board adopted new rules for utility “Infrastructure Investment and Recovery” to encourage utilities to implement infrastructure investments. The rules are codified at N.J.A.C. 14:3-2A.1 et seq. (“II&R Rules”) and became effective on January 16, 2018.

the Petition, the IIP Surcharge would be set annually based upon the Company's forecasted revenue requirement associated with the Program, adjusted for any prior period over- or under-recoveries including interest, and a forecast of the Company's kWh deliveries to customers for each annual period. The resulting rate in cents per kWh would then be increased to reflect the Sales and Use Tax. For each annual change of the IIP Surcharge, RECO proposed to make an initial filing that would contain nine (9) months of actual data and three (3) months of forecasted data, with rate adjustments effective two (2) months after each filing. The IIP Surcharge filing would provide for: 1) the recovery of the Program revenue requirement for the annual period; and 2) the recovery of any over- or under-recovered balances including interest.

RECO proposed that any unrecovered Program or project investment costs would be rolled into base rates during future base rate cases. The proposed IIP Surcharge cost recovery mechanism would continue to be used until all Program costs are rolled into base rates. Due to the unique timing of the IIP projects, among other factors, RECO requested a waiver of N.J.A.C. 14:3-2A.6(b), which states that each filing made by a utility seeking accelerated recovery under an IIP shall seek recovery, at a minimum, of at least 10 percent of overall IIP expenditures.

As noted in the Petition, the estimated initial electric bill impact for a typical residential customer with an average annualized monthly usage of 925 kWh would be an increase of \$0.32, or 0.2% (from \$159.61 to \$159.93). At the end of the five (5)- year period, the estimated monthly electric bill impact for a typical residential customer with an average annualized monthly usage of 925 kWh would be an increase of \$11.72 or 7.3% in total, which is an average of 1.5% per IIP year.

DISCUSSION

The Board **HEREBY ORDERS** that the Petition described above be retained by the Board for hearing, and pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Gordon as the Presiding Officer with authority to rule on all motions that arise during the pendency of these proceedings, and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entity seeking to intervene or participate in this matter file the appropriate application with the Board on or before June 1, 2022. Any party wishing to file a motion for admission of counsel, pro hac vice, should do so concurrently with any motion to intervene or participate.

In addition, in compliance with the Board's Order in Docket No. EO20030254, all parties are **HEREBY DIRECTED** to serve all documents electronically.² No hard copies shall be filed until the Board lifts the restrictions imposed in that Order. The Board **HEREBY DIRECTS** Staff to post this Order to the Board's website.

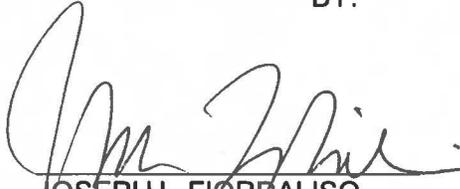
² In re the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary

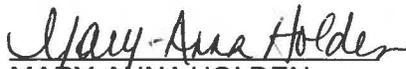
Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020.

The effective date of this Order is May 25, 2022.

DATED: May 18, 2022

BOARD OF PUBLIC UTILITIES
BY:

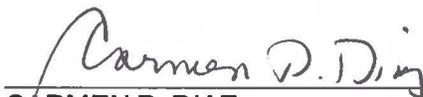

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ROBERT M. GORDON
COMMISSIONER

ATTEST: 
CARMEN D. DIAZ
ACTING SECRETARY

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APPROVAL OF AN INFRASTRUCTURE INVESTMENT PROGRAM, AND RELATED COST
RECOVERY MECHANISM

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