



Agenda Date: 08/19/09  
Agenda Item: 2J

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
Two Gateway Center  
Newark, NJ 07102  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

**ENERGY**

IN THE MATTER OF THE ENERGY EFFICIENCY )  
PROGRAMS AND ASSOCIATED COST RECOVERY )  
MECHANISM PROCEEDINGS )

ORDER ADOPTING  
STIPULATION

IN THE MATTER OF THE PETITION OF ROCKLAND )  
ELECTRIC COMPANY FOR APPROVAL OF AN )  
ENERGY EFFICIENCY STIMULUS PROGRAM AND )  
ASSOCIATED RATE RECOVERY )

BPU DOCKET NOs. EO09010056  
and EO09010061

(SERVICE LIST AND STIPULATION ATTACHED)

BY THE BOARD:

On August 13, 2009, Rockland Electric Company ("RECO" or "Company"), the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") and the Staff of the New Jersey Board of Public Utilities ("Board Staff") (collectively, the "Signatory Parties") entered into an agreement ("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 Energy Efficiency Stimulus Program ("EE Program") and related cost recovery.

By this Order, the Board considers the Stipulation extending the time frame for review of RECO's EE Program.

**Background and Procedural History**

On February 20, 2009, RECO filed the instant petition with the New Jersey Board of Public Utilities ("Board") pursuant to the statutory requirements of the Regional Greenhouse Gas Initiative Act ("RGGI Act"), as codified in N.J.S.A. 48:3-98.1. The petition sought Board approval to allow the Company to implement the proposed three-year energy efficiency programs and recovery of all revenue requirements associated with the EE Program through the associated RGGI Surcharge. By letter dated March 20, 2009, Staff advised RECO that the Company's petition was deemed administratively complete.<sup>1</sup>

<sup>1</sup> N.J.S.A. 48:3-98.1 requires the Board to decide cost recovery issues within 180 days. Pursuant to the RGGI Order dated May 12, 2008 in Docket No. EO08030164, Staff must review a petition for administrative completeness within 30 days and, when a petition is determined to be administratively complete, set the beginning of the 180-day period. Accordingly, the 180-day period for a Board determination on this petition commenced on February 20, 2009.

## **RECO ENERGY EFFICIENCY STIMULUS PROGRAM PETITION**

In its petition, RECO requested approval of four (4) EE Program segments having a total funding commitment of \$3,090,000 over a three year period. The proposed segments are as follows:

- *The Residential Direct Install Program* is the direct installation of cost-effective whole house electrical energy savings measures in high use residential homes, the provision of rebate incentives for installation of efficiency equipment, and the provision of energy kits with compact fluorescent light bulbs and energy education kits. This three-year program with an estimated total cost of \$2 million will be available to 9,300 residential customers.
- *The Online Audit Program* is 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. This three-year program has an estimated cost of \$350,000.
- *The Market Potential Study* is designed to determine the baseline efficiency for its service territory to allow the development of cost-effective programs that target all customer segments. The estimated cost to be incurred in the first year is \$400,000.
- *The USF Low Income Audit and Direct Install Program* is designed to provide free energy efficiency measures resulting from an energy audit, to customers in RECO's USF program at a cost of \$320,000 for 100 customers in the first year of the EE Program.

RECO proposed to amortize program costs consisting of customer incentives, outside vendor costs for equipment purchases and installation and market potential study costs over a three-year period. The amortization and the internal incremental administrative, marketing and evaluation costs to be expensed as incurred will be included in the EE Program revenue requirement. The Company also proposed to include in the revenue requirement a return on program costs by applying an after-tax overall rate of return of 8.18% to unamortized program costs. The Company proposed an adjusted rate of return, based on a new weighted average cost of capital ("WACC") with an additional 75 basis points to the return on equity of 9.75% authorized by the Board in RECO's most recent base rate case. The total revenue requirement will be recovered through a non-bypassable RGGI Surcharge applicable to all distribution customers. The RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually.

By Order dated February 19, 2009, the Board retained this matter for review and hearing and, as authorized by N.J.S.A. 48:3-32, designated President Jeanne M. Fox as the presiding officer who was authorized to rule on all motions that arise during the proceeding and modify any schedule(s) that may be set as necessary to secure just and expeditious determinations in this matter. Subsequently, on May 15, 2009, President Fox issued an Order setting the procedural schedule on this matter.

On March 27, 2009, the Natural Resources Defense Counsel ("NRDC") filed a Motion to Intervene. By Order dated April 28, 2009, President Fox granted intervention to NRDC.

Following the filing of the Company's petition, the Company, Board Staff, and Rate Counsel engaged in extensive discovery and participated in a number of settlement and discovery conferences. In addition, the EE Program was forwarded to the Center for Energy, Economic and Environmental Policy ("CEEPP") for performance of a Cost Benefit Analysis ("CBA") for each of the components of the EE Program. While discussions of possible modifications to the EE Program continue, to date no settlement of all outstanding issues has been reached.

### **PROPOSED STIPULATION**

Since discussions in this matter might not be completed by August 19, 2009, the day that the statutory 180-day period for Board action on cost recovery expires, the Signatory Parties have agreed to extend this date to provide additional time to continue discussions so that the Board will have a fuller and more accurate record for review of the EE Program before it issues a final determination in this matter. NRDC was given notice of the proposed Stipulation and took no position.

The attached Stipulation contains a provision to move forward consideration of RECO's EE Program and proposed RGGI Surcharge:

- 4 In order to allow sufficient time for the administrative processing of the Company's petition, the Parties agree that the current RGGI date of August 19, 2009 should be extended and a revised RGGI date of September 24, 2009 established. The Parties therefore, pursuant to N.J.S.A. 48:2-21.3, request that the Board issue an Order extending the current RGGI date of August 19, 2009 and establishing a revised RGGI date of September 24, 2009 for purposes of extending the 180 Day RGGI Period to September 24, 2009 and allowing completion of the procedural processing of the Company's petition.

### **DISCUSSION AND FINDING**

N.J.S.A. 48:2-21.3 allows any public utility to file with the Board a written stipulation waiving the effective date of any tariff or rate, subject to the Board's approval. In this case, no parties have opposed the Stipulation and the extension of the review period it contains. RECO has agreed to an extension until September 24, 2009. The Board **FINDS** that the need of the parties to continue their discussions and the review of the proposed EE Program, justifies an extension of time beyond the statutory period.

For the foregoing reasons, the Board HEREBY APPROVES the attached Stipulation.

DATED: 8/19/09

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

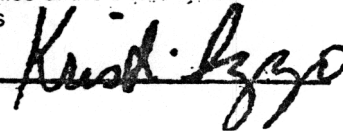
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

  
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:   
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





**RIKER  
DANZIG  
SCHERER  
HYLAND  
PERRETTI<sup>LLP</sup>**

ATTORNEYS AT LAW

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Partner

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August 17, 2009

Via Federal Express  
Kristi Izzo, Secretary  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

Re: In the Matter of the Petition of Rockland Electric  
Company for Approval of an Energy Efficiency  
Stimulus Program and Associated Rate Recovery  
Docket No. EO09010061

Dear Secretary Izzo:

Copies of an executed ("Stipulation") to extend the "RGGI" date in the  
above-captioned matter were previously filed.

Attached please find a Stipulation with the original, executed signature  
pages on behalf of Rockland Electric Company, the Staff of the Board of Public  
Utilities ("Board"), and the Department of Public Advocate, Division of Rate  
Counsel.

Please contact me if you have any questions regarding this matter. Kindly  
stamp the enclosed extra copy "filed" and return it to me in the enclosed self-  
addressed, postage paid envelope.

Respectfully submitted,

  
James C. Meyer

Enclosures

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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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Revised 6/12/09

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Revised 6/12/09

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

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**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**

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**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; Division of Rate Counsel (Ronald K. Chen, Public Advocate, Stefanie A. Brand, Director)

**Caroline Vachier, Anne Shatto, Alex Moreau, 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**

**BACKGROUND**

1. On February 20, 2009, the New Jersey Board of Public Utilities (the "Board") accepted for filing a Petition (the "Petition") submitted by Rockland Electric Company ("Company") 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. The filing was assigned Docket No. EO09010061 and was related to the Board's generic economic stimulus (energy efficiency) initiative (BPU Docket No. EO09010056). The Petition sought Board approval for an Energy

Efficiency Stimulus Program ("EE Program") and simultaneous approval for the recovery of costs for projects included within its proposed EE Program. 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 to be "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. Based upon this "filing" date, the Parties have determined that the 180 Day RGGI Period shall expire on August 19, 2009 (the "RGGI date").

2. Following the filing of the Company's Petition, representatives from the Company, Board Staff, and the Division of Rate Counsel (referred to jointly as the "Parties") engaged in extensive discovery and participated in a number of settlement and discovery conferences. In addition, the EE Program was forwarded to the Center for Energy, Economic and Environmental Policy ("CEEPP") for performance of a Cost Benefit Analysis ("CBA") for each of the components of the EE Program. While the Parties continue to discuss modifications to the EE Program, to date the Parties have not been able to reach a settlement of all outstanding issues.

3. In light of the fact that the Parties' discussions in this matter might not be completed and a Stipulation of Settlement submitted to the Board by the RGGI date, the Parties have discussed the need for an extension of the RGGI date in order to provide the Board with additional time to complete the administrative processing of the Petition and issue a final determination in this matter.

Accordingly, the Parties hereby **STIPULATE AND AGREE** as follows:

**STIPULATED MATTER**

4. In order to allow sufficient time for the administrative processing of the Company's Petition, the Parties agree that the current RGGI date of August 19, 2009 should be extended and a revised RGGI date of September 24, 2009 established. The Parties therefore, pursuant to N.J.S.A. 48:2-21.3, request that the Board issue an Order on or prior to August 19, 2009 extending the current RGGI date of August 19, 2009 and establishing a revised RGGI date of September 24, 2009 for purposes of extending the 180 Day RGGI Period to September 24, 2009 and allowing completion of the procedural processing of the Company's Petition.


**FURTHER PROVISIONS**

5. 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.

WHEREFORE, the 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, as soon as reasonably possible.

**ROCKLAND ELECTRIC COMPANY  
PETITIONER**

By

  
James C. Meyer, Esq.  
Attorney for Rockland Electric Company

Dated: August 13, 2009

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

By

\_\_\_\_\_  
Stefanie A. Brand, Director  
Division of Rate Counsel

Dated: August , 2009

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

By


\_\_\_\_\_  
Caroline Vachier  
Deputy Attorney General

Dated: August , 2009

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**ROCKLAND ELECTRIC COMPANY  
PETITIONER**

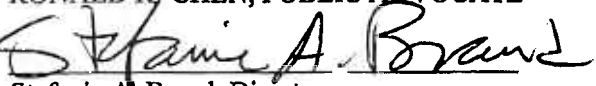
By

  
James C. Meyer, Esq.  
Attorney for Rockland Electric Company

Dated: August 13, 2009

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


By

  
Stefanie A. Brand, Director  
Division of Rate Counsel

Dated: August 13, 2009

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

By


  
Caroline Vachier  
Deputy Attorney General

Dated: August , 2009

WHEREFORE, the 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, as soon as reasonably possible.

**ROCKLAND ELECTRIC COMPANY  
PETITIONER**

By

  
James C. Meyer, Esq.  
Attorney for Rockland Electric Company

Dated: August <sup>13</sup>, 2009

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

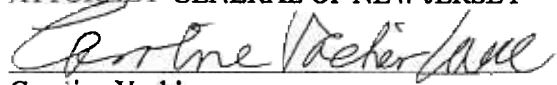
By

\_\_\_\_\_  
Stefanie A. Brand, Director  
Division of Rate Counsel

Dated: August , 2009

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

By

  
Caroline Vachier  
Deputy Attorney General

Dated: August 13, 2009