



Rockland Electric Company
One Blue Hill Plaza
Pearl River NY 10965
www.oru.com

September 3, 2013

Via electronic mail and hard copy

Honorable Kristi Izzo, Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Re: Consolidated Tax Adjustment Generic Proceeding
Docket No. E012121072

Dear Secretary Izzo:

Pursuant to the New Jersey Board of Public Utilities generic proceeding in the matter of the applicability and the calculation of a Consolidating Tax Adjustment in the above-referenced proceeding, Rockland Electric Company ("RECO" or "the Company") hereby submits for filing our responses to the data requests issued on July 25, 2013.

Attached please find the following.

- A document entitled "Rockland Electric response to BPU CTA Data Request" is our response to questions A through N.
- Supporting schedules for questions A, C- G, K and G-N.

If you or any members of your staff have any questions regarding this report, please call me at (212) 460-2884 or Richard Kane at (212) 460-6634.

Respectfully submitted,

ROCKLAND ELECTRIC COMPANY, INC.

/s/ Joseph Miller
Assistant Controller

Enclosure

Rockland Electric Company
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Docket No. EO1212072
Matter Concerning Consolidated Tax Adjustment
July 25, 2013 Data Requests

Information Request:

- a. Please provide a copy of any tax sharing agreement relating to the filing of a consolidated income tax return.

Company Response: Please refer to Attachment RECO-A for the tax sharing agreement relating to the filing of a consolidated income tax return among the Con Edison Inc.'s (CEI) affiliates, including Rockland Electric Company (RECO).

Information Request:

- b. Please provide the year in which the utility was first included in a consolidated tax return.

Company Response: RECO was first included in CEI's consolidated tax return beginning in 1999 as a result of the merger between CEI and RECO's corporate parent, Orange and Rockland Utilities, Inc. (ORU). ORU's filed consolidated tax returns on behalf of itself and its corporate affiliates, including RECO, commencing in the 1980's and continuing until ORU's 1999 merger with CEI. The exact tax year that ORU commenced filing consolidated tax returns is not readily available.

Information Request:

- c. Please provide the total amount paid by the utility to its parent company for federal income taxes in each year since 1991.

Company Response: Please refer to Attachment RECO-C for the total amount paid by RECO to its parent company, ORU, for federal income taxes in each year since 1991.

Information Request:

- d. Please provide the total amount paid by all members of the consolidated income tax group to the parent company relating to federal income taxes, in each year since 1991.

Company Response: Please refer to Attachment RECO-D1 for the total amount paid by all members of the ORU consolidated income tax group, relating to federal income taxes, to the parent in each year between 1991 and 1998. Attachment RECO-D2 provides the total amount paid by all members of the CEI consolidated income tax group, relating to federal income taxes, to the parent in each year since ORU's merger with CEI in 1999.

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Information Request:

- e. Please provide the amount paid to each loss company by the parent, in each year since 1991.

Company Response: Please refer to Attachment RECO-E1 for the total amount paid to each loss company by ORU since 1991. Attachment RECO-E2 contains the total amount paid to each loss company by CEI since ORU's merger with CEI in 1999.

Information Request:

- f. Please provide the total amount paid by the consolidated entity to the IRS for federal income taxes in each year since 1991.

Company Response: Please refer to Attachment RECO-F1 for the total amount paid by ORU to the IRS for federal income taxes between 1991 and 1998. Attachment RECO-F2 sets forth the total amount paid to the IRS for federal income taxes by CEI since ORU's merger with CEI in June 1999.

Information Request:

- g. Please provide the amount of bonus depreciation taken by each member of the consolidated income tax group in each year since 1991.

Company Response: The IRS implemented bonus depreciation starting in 2001 for companies, like CEI, that were directly impacted by the terrorist attacks on the World Trade Center. Please refer to Attachment RECO-G for the bonus depreciation taken by each member of the consolidated income tax group starting in 2001. Please also note that CEI has not filed tax returns for 2012, and that the 2012 numbers are preliminary.

Information Request:

- h. Please provide the amount of Alternative Minimum Taxes paid by the consolidated income tax group in each year since 1991.

Company Response: Prior to the ORU merger with CEI in July 1999, ORU had not paid an Alternative Minimum Taxes from calendar year 1991 through the date of the merger. Since 1999, the year RECO was first included in Con Edison's consolidated tax return, the consolidated income tax group has not paid Alternative Minimum Taxes.

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Information Request:

- i. Please provide the amount of any tax loss carry forward available to the consolidated group and the period(s) over which these tax loss carry forwards are available to be used by the consolidated group;

Company Response: CEI's consolidated group currently has a tax carry forward loss from 2011 amounting to \$632 million. Carry forwards are available for up to 20 years after the net operating loss (NOL) year. Any part of the NOL remaining after the 20-year carry forward period cannot be deducted.

Information Request:

- j. Please provide a brief description of each company included in the consolidated income tax group since 1991, along with an indication of whether each company is regulated or non-regulated.

Company Response: Below are the descriptions of the ORU companies included in the consolidated income tax group since 1991:

Regulated Companies:

- Orange and Rockland Utilities, Inc. (ORU) – ORU, a wholly-owned subsidiary of Consolidated Edison, Inc. (CEI) since 1999, is an electric and gas utility headquartered in Pearl River, NY. ORU and its two utility subsidiaries, Rockland Electric Company (RECO) and Pike County Light & Power Company (Pike), serve a population of approximately 750,000 in seven counties in New York, northern New Jersey and northeastern Pennsylvania.
- Rockland Electric Company (RECO) – RECO, a wholly-owned subsidiary of ORU, is an electric utility that serves Bergen, Sussex and Passaic Counties in New Jersey.
- Pike County Light & Power Company (Pike) – Pike, a wholly-owned subsidiary of ORU, delivers electricity and natural gas to the Pennsylvania communities of Dingman, Matamoras, Milford and Westfall.

Non-Regulated Companies:

- Clove Development Corporation (Clove) – Clove, a wholly-owned subsidiary of ORU, holds approximately 5,200 acres of real estate, located primarily in the Mongaup Valley region of Sullivan County, New York. Clove's revenues have been derived primarily from the sale of timber and sale, property rentals and periodic sales of land.

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- O&R Development (ORD) – ORD, a wholly-owned subsidiary of ORU, was established to promote industrial and corporate development within ORU's service territory by providing improved sites and buildings. ORD owns the Interchange Commerce Center, a 250 acre tract of land with 2.7 million square feet of light industrial, office, warehouse and retail space in Orange County, NY.
- Enserve Holdings, Inc. (Enserve) – Enserve, a wholly-owned subsidiary of RECO, held investments in energy-related ventures and was dissolved in 2004.
- Saddle River Holdings Corp. (SRH) – SRH, a wholly-owned subsidiary of RECO, held investments in energy-related ventures and was dissolved in 2001.

Below are the descriptions of the CEI companies included in the consolidated income tax group since 1999:

Regulated Companies

- Con Edison Company of New York, Inc. (CECONY) – CECONY, a wholly-owned subsidiary of CEI, is an electric, gas and steam utility headquartered in New York, NY. CECONY provides electric service to approximately 3.3 million customers in all of New York City (except part of Queens) and most of Westchester County. CECONY delivers gas to approximately 1.1 million customers in Manhattan, the Bronx and parts of Queens and Westchester County. CECONY also produces and delivers steam to approximately 1,717 customers in parts of Manhattan.

Non-Regulated Companies:

- Con Edison, Inc. (CEI) – CEI, incorporated in New York State in 1997, is a holding company which owns all of the outstanding common stock of CECONY, ORU, and the competitive energy businesses.
- Con Edison Energy (CEE) - CEE, a competitive energy business unregulated subsidiary of CEI, is a power marketer and asset manager that provides customized energy-management services that range from consulting and strategic planning to core logistical services such as bidding and scheduling, fuel management, and hedge execution. CEE is active in the New England, New York, PJM, ERCOT and California ISOs.
- Con Edison Development (CED) – CED, a competitive energy business unregulated subsidiary of CEI, develops, owns and operates renewable and energy infrastructure projects.
- Con Edison Solutions Inc. (CES) - CES, a competitive energy business unregulated subsidiary of CEI, is an energy-services company that provides *competitive energy*

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supply, renewable energy, sustainability services and cost-effective energy solutions for commercial, industrial, residential and government customers in various states.

- Con Edison Communications (CEC) – CEC, a subsidiary of CEI, was a telecommunications company that operated its own fiber optic network and provided managed data transport services, custom networks, local and long-distance voice services and internet services. Con Edison Communications was sold to RCN Corporation in March 2006.

Information Request:

- k. Please provide the reason why a company that was previously included in the consolidated income tax group is no longer included in the group.

Company Response:

Enserve Holdings, Inc. ceased all operations and was dissolved in 2004.

Saddle River Holdings, Corp. ceased all operations and was dissolved in 2001.

Consolidated Edison Communications was sold to RCN Corporation. Please refer to Attachment RECO-K for the termination agreement associated with the tax return filing.

Information Request:

- l. Please provide all workpapers and calculations relating to the calculation of the CTA as requested in the Notice.

Company Response: Please refer to Attachment RECO-l, which summarizes the data contained in the responses to questions c, d, e, and f to calculate the CTA consistent with the manner adopted in NJBPU Docket No. ER09080668.

Information Request:

- m. Please provide the federal income taxes (both current and deferred) reported by the consolidated income tax group on the parent company's Annual Report, by year since 1991

Company Response: RECO and other subsidiaries were first included in the parent company's (CEI) consolidated tax return beginning in 1999 after the merger of CEI and ORU. Prior to 1999, RECO's federal income taxes were reported on ORU's tax returns. Please refer to Attachment RECO-M for pre-merger and post-merger federal income taxes reported by the parent companies since 1991.

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Information Request:

- n. Please provide the federal income taxes (both current and deferred) by the utility, by year since 1991.

Company Response: Please refer to Attachment RECO-N for federal income taxes reported by RECO since 1991.

Rockland Electric Company
Federal Income Taxes RECO Paid to Parent Company
(Received) from Parent Company

<u>Year</u>	<u>Amount Paid</u>
1991	4,355,427
1992	2,272,457
1993	498,322
1994	363,112
1995	1,717,665
1996	1,706,962
1997	2,949,988
1998	5,606,792
1999	5,333,702
2000	(3,472,948)
2001	(4,818,260)
2002	269,725
2003	1,323,662
2004	2,783,579
2005	6,484,964
2006	5,600,478
2007	6,967,350
2008	6,066,615
2009	(139,275)
2010	7,372,296
2011	(2,686,329)
2012	(6,938,730)