



Agenda Date: 11/22/13  
Agenda Item: 2M

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

DIVISION OF ENERGY AND  
OFFICE OF CLEAN  
ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF )  
ROCKLAND ELECTRIC COMPANY FOR APPROVAL )  
OF AN ENERGY EFFICIENCY STIMULUS PROGRAM )  
AND ASSOCIATED RATE RECOVERY )  
 )  
 ) ORDER DESIGNATING  
 ) COMMISSIONER  
 )  
 ) DOCKET NO. ER13060535

**Parties of Record:**

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

**BY THE BOARD:**

On January 13, 2008, L. 2007, c. 340 ("Act") was signed into law by former Governor Corzine based on the New Jersey Legislature's findings that energy efficiency and conservation measures must be essential elements of the State's energy future, and that greater reliance on energy efficiency and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. N.J.S.A. 26:2C-45.

Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1 (a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the New Jersey Board of Public Utilities ("Board"), including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas public utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.

By Order dated November 23, 2009, the Board approved Rockland Electric Company's ("RECO" or "Company") Energy Efficiency Stimulus Program ("EES Program") with three energy

efficiency components ("Sub-Programs") to be implemented for a one-year period ending December 31, 2010<sup>1</sup>. The Low Income Audit I Program approved by the Board increased the funding levels for energy efficiency measures from a cap of \$2,000 per household to a cap of \$6,500 to be consistent with increased funding levels for the NJ Comfort Partners Program. In addition, the eligibility requirements were expanded to include not only Universal Service Fund (USF) Program participants, but also households with an income level at or below 225% of the federal poverty guidelines, and customers who receive federal Supplemental Security Income, Home Energy Assistance, Lifeline, Pharmaceutical Assistance to the Aged and Disabled, Temporary Assistance to Needy Families or Section 8 Housing.

By Order dated March 30, 2011, the Board approved the extension of the EES Sub-Programs through December 31, 2011 with a close-out period to end on March 31, 2012<sup>2</sup>. By Order dated March 12, 2012, the Board approved the extension through December 2012, or until all budgeted funds have been expended, whichever comes first, of the Low-Income Audit and Install Sub-Program.<sup>3</sup>

By Order dated March 20, 2013 ("March 20 Order")<sup>4</sup>, the Board approved a stipulation that further extended RECO's EES Low Income Audit and Install Sub-Program through December 31, 2013, or until the budgeted funding for the Sub-Program has been expended, whichever occurs first. In the stipulation, the Company agreed to complete any close-out activities by March 31, 2014. RECO also agreed to submit a filing pursuant to N.J.S.A. 48:3-98.1 that complies with the Minimum Filing Requirements set out in Appendix A of the Board's May 12, 2008 Order in Docket Number EO08030164 within ninety days of the effective date of the March 20 Order. The filing would propose a new EE program with detailed sub-program information, which would replace the existing Low Income Program if approved by the Board.

### **June 2013 Filing**

On June 21, 2013 ("June 21 Petition"), RECO filed a petition with the Board. On July 29, 2013, Board Staff notified RECO that the June 21 Petition was administratively incomplete<sup>5</sup>. On September 18, 2013, RECO made a filing intended to remedy the deficiencies in its June 21

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<sup>1</sup> I/M/O Energy Efficiency Program 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.

<sup>2</sup> I/M/O 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.

<sup>3</sup> I/M/O of 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.

<sup>4</sup> I/M/O the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Cost Recovery Mechanism – Extension Request, BPU Docket No. EO12121073, Order dated March 20, 2013.

<sup>5</sup> N.J.S.A. 48:3-98.1 requires the Board to decide cost recovery issues within 180 days. Pursuant to the Board Order issued in response to a further statutory directive within that section, Board Staff must review a petition for completeness within 30 days and, when a petition is determined to be complete, set the beginning of the 180-day period. In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1, Dkt. No. EO08030164 (May 8, 2008). Accordingly, the 180-day period for a Board determination commenced on September 18, 2013.

Petition. On October 15, 2013, Board Staff notified RECO that with the information submitted in the September 18 filing, the filing was administratively complete. Accordingly, the 180-day review period for a Board determination on cost recovery commenced on September 18, 2013.

In the filing, the Company proposes to implement a Low Income Audit II Program to provide free energy efficiency measures recommended as a result of an energy audit to RECO customers that meet the specified income criteria. The program will target participation by 100 eligible customers in each of the three-year life of the program, or 300 customers in total.

The Low Income Audit II Program is designed to provide customers currently enrolled in the USF program, households with an income level at or below 225% of the federal poverty guidelines, and customers who receive Federal Supplemental Income, Home Energy Assistance, Lifeline, Pharmaceutical Assistance to the Aged and Disabled, Temporary Assistance to Needy Families or Section 8 Housing with energy efficiency measures at no charge based on results of an energy audit.

As proposed, participating customers will receive at no charge an energy audit provided by a Building Performance Institute certified auditor which will include health and safety testing, initial blower door readings, identification of cost effective measures, and information to encourage the customer to accept the measures offered by the program as well as to proceed with other actions they might perform on their own to facilitate their reduction of energy use. The Company will provide measures with a maximum value of \$3,500 per household in the first year of the Low Income Audit II Program.

The Company requests approval of rate recovery of all Low Income Audit II Program costs totaling \$1,346,279. RECO requests that the carrying charge on its deferred balances for the Low Income Audit II Program be set based upon RECO's overall weighted average cost of capital authorized by the Board in RECO's most recent base rate case (8.21%) based upon a return on equity of 10.3% together with the income tax effects.

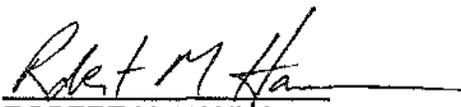
The Board has determined that the June 21 Petition should be retained by the Board for hearing, and pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Mary-Anna Holden as the presiding officer with authority to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.

To further enable the Board to effectively and efficiently carry out its mandate under N.J.S.A. 48:3-98.1 and to allow development of complete record, the Board **HEREBY AUTHORIZES** Commissioner Holden to render a decision on a stipulation pursuant to N.J.S.A. 48:2-21.3 extending the 180 day review period, if submitted, provided that the stipulation is executed by all parties to the proceeding. The authority so delegated is limited to a single extension of the 180 period, with any further requests for extensions to be directed to the Board.

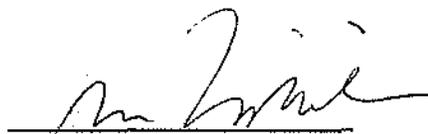
In the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing hard copies to each party as requested. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

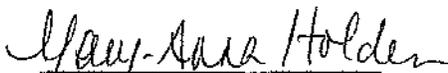
DATED: 11/22/13

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

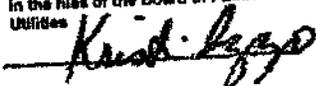
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARYANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
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



In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Stimulus Program and Associated Rate Recovery  
BPU DOCKET NO. ER13060535

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