



Agenda Date: 12/18/13

Agenda Item: 2K

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE REQUEST OF ROCKLAND)
ELECTRIC COMPANY'S EXTENSION OF BUILDING) ORDER EXTENDING RIDERS
UTILIZATION ("BUR") AND BUSINESS EXPANSION)
RIDERS ("BER")) DOCKET NO. ET13070667

Parties of Record:

John L. Carley, Esq., Rockland Electric Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On July 22, 2013, Rockland Electric Company ("RECO" or "Company") made a filing with the New Jersey Board of Public Utilities ("Board") requesting approval to extend the enrollment period of its Building Utilization Rider ("BUR") and its Business Expansion Rider ("BER") from January 1, 2014 through December 31, 2016.

BACKGROUND

The BUR and BER were originally established pursuant to a Board Order dated December 30, 1992, in Docket No. ET92090949¹. In that Order, the Board approved a request by RECO to amend its electric tariffs to incorporate the BUR and BER. The riders were intended to spur economic development within RECO's service territory, and were to expire on December 31, 1994. The Board subsequently approved a one-year extension for the enrollment periods of these riders in Docket No. ET94110528². By Order dated February 7, 1996, in Docket No. ET95100512³, the Board approved an extension of the riders for an additional two years through December 31, 1997.

¹ In re the Proposed Electric Tariff Amendment of Rockland Electric Company. BPU Dkt. No. ET92090949.

² In re the Petition of Rockland Electric Company to Extend the Enrollment Period of its Building Utilization and Business Expansion Riders. BPU Dkt. No. ET94110528.

³ In re the Petition of Rockland Electric Company to Extend the Enrollment Period of its Building Utilization and Business Expansion Riders. BPU Dkt. No. ET95100512.

By Order dated December 17, 1997, in Docket No. ET97110826⁴, the Board approved an extension of the riders from January 1, 1998 through December 31, 1999. By Order dated April 27, 2000, the Board approved an extension of the riders from May 2, 2000 through December 31, 2002⁵. The Board Order dated February 27, 2004, in Docket No. ET03030160 ("2004 Order")⁶, further extended the riders through December 31, 2006, as well as modified the eligibility criteria of the BER to become consistent with the State's Smart Growth Initiatives and the State Development and Redevelopment Plan. The riders were further extended through December 31, 2010 by Board Order dated April 17, 2008 in Docket No. ET07100797⁷. This extension also expanded eligibility requirements to require that customers qualify for and receive a comprehensive package of economic incentives conferred by the local municipality or State authorities. The riders were last extended from January 1, 2011 through December 31, 2013 on June 16, 2011 in Docket No. ET10110868. The Board approved several changes to the BER and BUR, including modifying the method of calculating the credits, extending the term of the credit, and implementing a revenue test provision. In a letter dated May 19, 2011, RECO filed revised tariff leaves associated with BER and BUR ("May 19 Letter") to reflect the removal of the requirement in the BER tariff that a customer must be locating, relocating, or expanding into a Designated Growth Area.

Currently, the BUR is available to commercial and industrial customers under rate schedules Service Classification ("SC") 2, General Service and Service Classification 7, Large General Time of Day Service under RECO's tariff who purchase or lease a minimum of 7,500 square feet of building space that has been vacant for at least three (3) months, and who add new permanent full-time employees to their payrolls. Relocation or consolidation of New Jersey based employees, without employment growth, does not qualify. By December 31 of each of the five years a customer receives service under this rider, the customer must submit to the Company, a letter detailing how many additional jobs it has added for that year and its current employee level. A customer failing to provide this information by December 31 of each year shall no longer be eligible for service under this rider.

Under the BUR, an eligible customer currently receives a credit set at twenty (20) percent of the Customer Charge and Distribution Charges which is applied monthly to the customer's electric bill for 60 consecutive billing months. The Company does not propose changing this method or level of credit.

The BER is available to commercial and industrial customers under rate schedules Service Classification 2, General Service and Service Classification 7, Large General Time of Day Service under RECO's tariff who expand their existing building space or construct new facilities of at least 7,500 square feet, and who add permanent new full-time employees to their payrolls. Relocation or consolidation of New Jersey based employees, without employment growth, does not qualify. An eligible customer receives a credit set at twenty (20) percent of the Customer

⁴ In re the Petition of Rockland Electric Company to Extend the Enrollment Period of its Building Utilization and Business Expansion Riders, BPU Dkt. No. ET97110826. December 17, 1997.

⁵ In re the Petition of Rockland Electric Company to Extend the Enrollment Period and to Make Certain Changes to its Building Utilization and Business Expansion Riders, BPU Dkt. No. ER00010025. April 27, 2000.

⁶ In re the Petition of Rockland Electric Company to Extend the Enrollment Period and Make Certain Changes to its Building Utilization and Business Expansion Riders, BPU Dkt. No. ET03030160. February 19, 2004.

⁷ In re the Petition of Rockland Electric Company to Extend the Enrollment Period and Make Certain Changes to its Building Utilization and Business Expansion Riders, BPU Dkt. No. ET07100797. April 17, 2008.

Charge and Distribution Charges, applied to the customer's monthly electric bill for 60 consecutive billing months. The Company does not propose changing this method or level of credit.

The Current Filing

In the instant filing, RECO seeks Board authorization to extend the enrollment period of the BUR and BER from January 1, 2014 through December 31, 2016⁸.

The Company is not requesting at this time any special accounting or cost recovery treatment for the BUR/BER credits in this filing. In the Company's most recently completed base rate case in Docket No. ER09080668⁹, the amount of bill credits embedded in RECO's test year revenue was \$2,054.

Discovery was propounded on RECO by Staff and the Division of Rate Counsel ("Rate Counsel"). Subsequently, discussions were held between the Company, Rate Counsel and Board Staff. As a result of those discussions, Rate Counsel filed a letter dated November 25, 2013, stating that, based on a review of the Company's proposal and discovery responses provided in the proceeding, Rate Counsel does not object to the Board's approval of RECO's proposed extension of its BUR and BER tariffs. Rate Counsel further stated that the BER and BUR were designed to augment incentives provided by local and State agencies that encourage economic growth and development in RECO's service territory, and to be eligible for the BUR or the BER, the customer must also have received economic incentives from the local municipality or State authorities. Rate Counsel continues to support economic growth in the RECO territory, and believes that there is little opportunity for the customers to defraud RECO by receiving unwarranted discounts for electric service through these riders. Moreover, given the limited participation in the BUR and BER, Rate Counsel believes that there seems to be little risk that credits beyond those provided for in base rates will result in financial harm to RECO.

DISCUSSION AND FINDING

Based upon its review of the filing, the revised tariff leaves filed by RECO, and the documents submitted in this matter, the Board **HEREBY FINDS** that the request to extend the availability of the BUR and BER from January 1, 2014 through December 31, 2016 is reasonable and in the public interest by providing incentives for companies to locate or relocate to the Company's service territory and thereby promote economic as well as employment growth in the Company's service territory. Moreover, the Board agrees that the extension is reasonable since there appears to be little risk of any adverse financial impact on RECO or its ratepayers while the availability of these riders may induce additional investment in RECO's service territory. Accordingly, the Board **HEREBY APPROVES** the relief requested by the filing, and therefore **APPROVES** an extension of the BUR and BER riders through December 31, 2016.

This Board Order will be effective on December 30, 2013. Therefore, the Board **HEREBY DIRECTS** the Company to file, prior to January 1, 2014, tariffs consistent with the Board's findings with an effective date of January 1, 2014.

⁸ It is the Board's understanding that no additional customers have requested service under these riders between the date of the filing and the date of this Order.

⁹ In re the Verified Petition of Rockland Electric Company for Approval of Charges in Electric Rates, its Tariff for Electric Services, its Depreciation Rates, and for Other Relief. BPU Dkt. ER09060668.

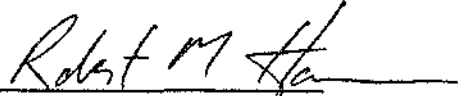
The Board's approval to extend these riders does not constitute Board approval of any accounting or rate recovery treatment for additional costs associated with the implementation of the BUR and BER service provisions.

In addition, the Board **HEREBY ORDERS** RECO to continue to provide reports to the Board describing the status of its BER and BUR on an annual basis including, but not limited to, details on the following: on the dollar amount of the credits given to customers, the number of new permanent full time employees; the amount of vacant square footage of building space that is purchased or leased, expanded or constructed; the date customer commenced service under the BUR/BER Rider and length of time for the service.

Except for the extension of the term granted herein, all other provisions of the Company's currently approved BUR/BER tariffs and service shall remain in effect.

DATED: 12/18/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

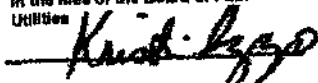

MARY-ANNA HOLDEN
COMMISSIONER


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 REQUEST OF ROCKLAND ELECTRIC COMPANY'S EXTENSION
OF BUILDING UTILIZATION ("BUR") AND BUSINESS EXPANSION ("BER") RIDERS
DOCKET NO. ET13070667

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