



Agenda Date: 1/31/18
Agenda Item: 2D

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE RECOVERY OF ROCKLAND)
ELECTRIC COMPANY'S SREC PROGRAM COSTS)
)
)
ORDER APPROVING
STIPULATION

DOCKET NO. ER17040429

Parties of Record:

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

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU") considers a Stipulation of Settlement ("Stipulation") with respect to the petition filed by Rockland Electric Company ("RECO" or "Company") on April 26, 2017 ("2017 SREC True Up Petition") requesting approval of an increase in its Regional Greenhouse Gas Initiative Recovery Charge Surcharge ("RGGI Surcharge") to recover costs incurred in its Solar Renewable Energy Certificate ("SREC") Financing Program ("SREC Financing Program").

BACKGROUND AND PROCEDURAL HISTORY

By Order dated August 7, 2008, the Board directed RECO to file, by January 31, 2009, a solar financing program based on SRECs, utilizing and incorporating certain mandatory design and filing requirements. By Order ("July 2009 Order") dated July 31, 2009 in BPU Docket No. EO09020097, the Board authorized the Company to implement its SREC Financing Program. Pursuant to the July 2009 Order, the costs for the SREC Financing Program ("Program Costs") were to be charged through a component of the Company's existing RGGI Surcharge. The SREC Financing Program component of the RGGI Surcharge would recover the following: (1) costs for the Company's purchase of SRECs offset by revenues received by the Company from the auction of SRECs; (2) program administrative costs; (3) an SREC transaction fee of \$39.11 per SREC; and (4) interest on over- or under-recoveries. Pursuant to the July 2009 Order, as net Program Costs for the first year were uncertain and may vary, the RGGI Surcharge rate for the initial year was set to recover the estimated annual costs and would be reconciled on an annual basis. RECO was to revisit the RGGI Surcharge rate within 12 months of the awards from the first solicitation.

2017 Petition

On April 26, 2017, the Company filed the instant petition, which was its first petition to recover its Program Costs. In the 2017 SREC True Up Petition, the Company proposed a charge of 0.0984 cents per kWh, including Sales and Use Tax ("SUT"), and 0.0921 cents per kWh, excluding SUT, to recover Program Costs. The SREC Program component of the RGGI Surcharge would be subject to deferred accounting, with interest, and reconciled annually by comparing the actual amounts subject to recovery to the actual amounts collected. Any difference would be included in the SREC Program component of the following year's RGGI Surcharge. The difference between the actual monthly costs associated with the SREC Program and actual recoveries through the SREC Program component of the RGGI Surcharge would be deferred, with interest, for future recovery.

RECO began purchasing and selling SRECs in 2009; however, the 2017 SREC True Up Petition is the first petition filed by RECO for recovery of Program Costs. Accordingly, the Company proposed to recover the costs accumulated from 2009 through December 31, 2016 over a three-year period. The 2017 SREC True Up Petition further proposed that on February 1 of each year, the Company would file with the Board the SREC Financing Program component of the RGGI Surcharge to be effective for the twelve-month period commencing the following June 1. The SREC Program component of the RGGI Surcharge would be set to recover any prior period over- or under-recovered balances, including interest, and to provide current recovery of the forecasted SREC Program costs over the twelve-month period commencing the following June 1. Future SREC Program filings made on February 1, 2018, and February 1, 2019, will also each include the remaining one-third of the of the accumulated SREC Program Costs through December 31, 2016 in addition to the recovery of the prior year's over- or under-recovered balances and the forecasted SREC Program Costs for the following twelve-month period and interest on the over- or under- recovered balances related to the reconciliation of program costs beginning January 1, 2017. Interest will be included in the deferred balance for both an over-collection and for an under-collection of the program costs beginning January 1, 2017, and will be calculated as determined by the Board in the July 2009 Order. In the 2017 SREC True Up Petition, the total increase in revenue requested by the Company was approximately \$4.3 million, including interest.

Duly noticed public hearings regarding the 2017 SREC True Up Petition were held in the Township of Mahwah on November 29, 2017 at 4:30 p.m. and 5:30 p.m. No members of the public appeared at the public hearings.

STIPULATION

Following a review of the petition and conducting discovery, the Company, Staff and Rate Counsel (collectively, the "Parties"), executed the Stipulation which resolves all factual and legal issues pertaining to the 2017 SREC Financing Petition. The Parties have agreed to the following salient terms:¹

¹ Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions contained in this Order. Paragraphs are numbered to reflect the numbering in the Stipulation.

1. **SREC Program Rate** As part of the Stipulation, the Company has agreed that there will be no interest applicable to the accumulated SREC Program costs through December 31, 2016, nor shall there be any interest on the unamortized accumulated SREC Program costs through December 31, 2016 of \$4,205,585 in the instant case and during the subsequent three-year amortization period. The SREC Program rate component of the RGGI Surcharge set forth in the Stipulation is based on program costs through December 31, 2016 of \$4,205,585. The Company shall be allowed to implement an SREC Program Rate of 0.0964 cents per kWh, including SUT, and 0.0904 cents per kWh, excluding SUT, to recover the SREC Program Costs, as reflected in Exhibit A of the Stipulation. The SREC Program Costs will be recovered through the SREC Program component of the Company's RGGI Surcharge.
2. **Customer Impact** As a result of the SREC Program Rate of 0.0964 cents per kWh, including SUT, and 0.0904 cents per kWh, excluding SUT, a typical residential customer with an average usage of 808 kWh per summer month and 7,800 kWh on an annual basis, will see their current monthly average bill increase by \$0.63 or 0.55%.
3. **SREC Program Interest Rate** Interest shall continue to be calculated at a rate based on U.S. Treasury securities at two-year constant maturity as published in the Federal Reserve Statistical Release on the first day of each month (or closest day thereafter on which rates are published), plus sixty basis points, in accordance with the July 2009 Order in Docket No. ER08060455, but will not exceed RECO's BPU authorized overall rate of return effective at the time the interest is calculated.
5. **Tariff** Upon Board approval of the Stipulation and receipt of written authorization from the Board, RECO shall file the revised tariff leaf relating to the SREC Program, in the form set forth in Exhibit B of the Stipulation, approved by Parties to the Stipulation, as soon as possible. On February 1 of each year, the Company shall file with the Board a reconciliation of the SREC Program component of the RGGI Surcharge. As set forth in Exhibits A and B of the Stipulation, the accumulated SREC Program costs without interest through December 31, 2016 of \$4,205,585, will be amortized over three years so that the subsequent reconciliation filings made on February 1, 2018 and February 1, 2019, will each include the remaining one-third of the accumulated SREC Program costs, in addition to the recovery of the prior year's over- or under-recovered balances, with interest, plus the forecasted SREC Program costs for the following twelve-month period.

DISCUSSION AND FINDING

The Board, having reviewed the record, including, the 2017 SREC True up Petition and the attached Stipulation, **FINDS** that the Stipulation is reasonable, is in the public interest and is in accordance with the law. Accordingly, the Board **HEREBY APPROVES** the attached Stipulation and incorporates its provisions as if fully stated in this Order.

The Board **HEREBY APPROVES** an SREC Financing Program component of RECO's RGGI Surcharge of 0.0964 cents per kWh, including SUT effective for service rendered on or after

February 10, 2018. As a result, a typical residential customer using approximately 808 kWh per month will see an increase of \$0.63 or 0.55% on a total monthly bill.

As indicated in the Stipulation, RECO will file, by February 1 of each year, a petition to reconcile its SREC Financing Program costs. Failure to comply would be considered a violation of this Board's Order and may result in actions the Board may deem appropriate, including disallowance of future costs.

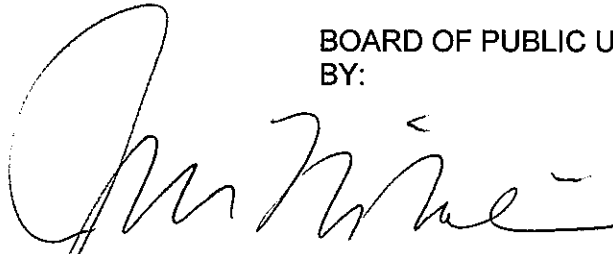
The Board **HEREBY ORDERS** RECO to file revised tariff sheets in compliance with the terms and conditions of the Stipulation prior to February 10, 2018.

The Company's costs, including those related to the programs described above, remain subject to audit by the Board. This Decision and Order shall not preclude or prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

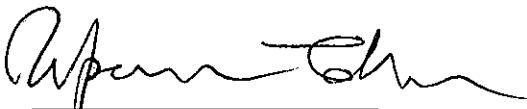

This Board Order shall be effective as of February 5, 2018.

DATED: 1/31/18

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER
DIANNE SOLOMON
COMMISSIONER
UPENDRA J. CHIVUKULA
COMMISSIONER
RICHARD S. MROZ
COMMISSIONER

ATTEST: 
CARMEN D. DIAZ
ASSISTANT BOARD SECRETARY

**IN THE MATTER OF THE RECOVERY OF ROCKLAND ELECTRIC COMPANY'S SREC
PROGRAM COSTS - BPU Docket No. ER17040429**

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