

**STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW
BEFORE HONORABLE IRENE JONES, ALJ**

I/M/O THE VERIFIED PETITION OF)	
ROCKLAND ELECTRIC COMPANY)	
FOR APPROVAL OF CHANGES IN)	
ELECTRIC RATES, ITS TARIFF FOR)	OAL DOCKET NO. PUC 17625-2013N
ELECTRIC SERVICE, AND ITS)	
DEPRECIATION RATES,)	BPU DOCKET NO. ER13111135
TERMINATION OF THE SMART)	
GRID SURCHARGE;)	
ESTABLISHMENT OF A STORM)	
HARDENING SURCHARGE; AND)	
FOR OTHER RELIEF)	

**DIRECT TESTIMONY OF BRIAN KALCIC
ON BEHALF OF THE
DIVISION OF RATE COUNSEL**

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Dated: May 9, 2013

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I. QUALIFICATIONS AND OVERVIEW

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Q. Please state your name and business address.

A. Brian Kalcic, 225 S. Meramec Avenue, St. Louis, Missouri 63105.

Q. What is your occupation?

A. I am an economist and consultant in the field of public utility regulation, and principal of Excel Consulting. My qualifications are described in the Appendix to this testimony.

Q. On whose behalf are you testifying in this case?

A. I am testifying on behalf of the New Jersey Division of Rate Counsel (“Rate Counsel”).

Q. What is the subject of your testimony?

A. Rate Counsel requested that I review the class cost-of-service study and rate design proposals sponsored by Rockland Electric Company (“RECO” or “Company”), and develop an appropriate rate design that reflects Rate Counsel witness Andrea C. Crane’s recommended revenue adjustment in this proceeding.

Q. How is your testimony organized?

A. My direct testimony is organized as follows. Section I of my testimony contains my qualifications and an overview of my testimony. Section II of my testimony

1 discusses the Company's embedded cost-of-service study. Section III examines the
2 Company's proposed class revenue allocation, and presents my recommended
3 revenue allocation. Section IV presents my recommended rate design. Finally,
4 Section V addresses RECO's proposals to modify various tariff provisions and
5 miscellaneous service fees.

6
7 **Q. Please summarize your primary recommendations.**

8 A. Based upon my analysis of the Company's filing and discovery responses, I
9 recommend that Your Honor and the New Jersey Board of Public Utilities ("Board"
10 or "BPU"):

- 11 • approve Rate Counsel's recommended class revenue allocation;
- 12 • adopt Rate Counsel's rate design recommendations, which include
13 structural changes to certain residential and general service rate
14 schedules;
- 15 • reject the Company's proposal to modify its Standby Service
16 provisions; and
- 17 • approve RECO's proposed changes to miscellaneous service fees.

18
19 The specific details associated with my recommendations are discussed below.
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II. CLASS COST OF SERVICE STUDY

Q. Mr. Kalcic, what type of cost-of-service analysis did the Company sponsor in this proceeding?

A. The Company’s Electric Rate Panel (“Panel”), consisting of Mr. William Atzl, Ms. Cheryl Ruggiero and Ms. Lucy Villeta, prepared an embedded cost-of-service study (“ECOS”) based upon actual data for the twelve months ended December 31, 2012.¹ As explained by the Panel, the ECOS includes only the electric distribution portion of the Company’s operations, and specifically excludes the cost of Basic Generation Service (“BGS”) and the Company’s transmission business.

The ECOS itself is used to both separate the costs of the Company’s distribution or “wires” business into functional segments and to allocate these functionalized costs to rate classes based upon each class’s cost responsibility.

Q. What are the general functional cost segments that are included in RECO’s ECOS?

A. Briefly, the Company identifies three broad functional segments: 1) Distribution Service; 2) Customer Accounting; and 3) Customer Service. For example, the Distribution segment typically includes all secondary wire (excluding service drops and/or street lighting), line transformers and related equipment and certain portions of higher voltage circuits and equipment. The Customer Accounting segment

1 includes costs related to meter reading, billing and collection. The Customer
2 Service segment primarily targets those portions of the distribution system intended
3 to serve individual customers such as meters, service drops and street lighting.

4 After the functionalization step is completed, RECO's functionalized costs
5 are further classified as demand-, customer- or revenue-related.

6

7 **Q. How does the Company generally allocate these classified cost segments to rate**
8 **schedules?**

9 A. The primary allocation factor varies with each segment. In general, demand-related
10 costs are allocated to rate classes based on the peak loads that are imposed at
11 various points on the distribution system. The Company's customer-related costs
12 are allocated on the basis of weighted/un-weighted customer counts. Finally,
13 revenue-related costs are allocated on the basis of class revenues.

14

15 **Q. Having reviewed the Company's ECOS, do you recommend any changes be**
16 **incorporated in RECO's cost-of-service methodology at this time?**

17 A. Since RECO's ECOS results are only employed as a general guide in the
18 development of the Company's class revenue allocation, I do not. As discussed
19 below, with a couple of exceptions, I find the Company's general revenue allocation
20 approach acceptable.

21

¹ The Panel also prepared an alternative ECOS study in compliance with the Stipulation of Settlement approved by the Board in BPU Docket No. ER09080668, using Board Staff's preferred cost-of-service methodology (i.e., the "Staff-endorsed ECOS").

1 **III. CLASS REVENUE ALLOCATION**

2

3 **Q. Mr. Kalcic, how does RECO propose to recover its 12+0 distribution revenue**
4 **increase of \$23.8 million from ratepayers?**

5 A. Schedule BK-1 summarizes the Company’s proposed increase to class distribution
6 revenues.² The Company’s 12+0 system average increase in distribution revenues
7 is 41.5% (per line 19 of Schedule BK-1). Excluding the Company’s Other
8 Revenues, Schedule BK-1 shows that the Company’s overall increase in rate
9 revenue (line 14) is 41.8%. As shown on lines 1-13 of Schedule BK-1, RECO is
10 proposing to limit its proposed increase to individual rate classes to between
11 approximately 0.3 and 1.25 times the system average increase (in rate revenue) of
12 41.8%. As such, individual class increases would range from approximately 13.2%
13 to 62.7% under RECO’s proposal.

14

15 **Q. How did RECO arrive at the proposed revenue allocation shown in Schedule**
16 **BK-1?**

17 A. Generally, the Company used its ECOS results as a guide, but in a manner that
18 recognized customer impact considerations. In particular, the Company chose to
19 move rate classes toward the class cost-of-service levels shown in its cost study, but
20 subject to the constraint that each class’s change in distribution revenues would be

² Distribution revenues are limited to the revenues derived from the Company’s tariff rates for distribution service, and exclude the following: 1) Basic Generation Service (“BGS”); 2) Societal Benefits Charge (“SBC”); 3) Regional Greenhouse Gas Initiative Recovery Charge (“RGGI”); 4) Transition Bond Charge(s) (“TBC”); and 5) Sales and Use Tax (“SUT”).

1 between 0% and 125% of the system average distribution increase. In other words,
2 no class should receive a distribution *decrease* in this case.

3 However, consistent with the Stipulation of Settlement in RECO's base rate
4 proceeding at Docket No. ER06060483 ("2007 Settlement"), the Company's
5 proposal includes a higher limit (of 150% of the system average) on the maximum
6 increase permitted to Service Classification No. 6 Private Overhead Lighting –
7 Dusk to Dawn ("SC6 POL – Dusk to Dawn) rate class.³

8

9 **Q. Do you believe that the Company's revenue allocation proposal provides an**
10 **appropriate balance between the traditional goals of moving rate classes**
11 **toward cost of service and gradualism?**

12 A. For the most part, I do. In my experience, it is normal ratemaking practice to assign
13 rate classes a minimum increase of 0.5 times the system average increase,
14 particularly when the system average increase exceeds single digits. Therefore, I
15 recommend that the lower limit on class increases in this proceeding be established
16 at 0.5 times the system average.

17

18 **Q. Did you use the previously discussed customer impact guidelines to develop a**
19 **class revenue allocation for Ms. Crane's recommended revenue adjustment?**

20 A. Yes. My recommended class revenue allocation is shown in Schedule BK-2.

21

³ The SC6 POL – Dusk to Dawn classes exhibits the largest relative revenue deficiency in RECO's ECOS.

1 **Q. Please discuss Schedule BK-2.**

2 A. Ms. Crane is recommending an overall increase in distribution revenues of \$6.614
3 million, or 11.5% (line 17). Excluding Other Revenues, Rate Counsel's required
4 increase to rate revenues is 11.6% (per line 14 of Schedule BK-2). As shown in
5 column 4 of Schedule BK-2, this increase in rate revenue is generally allocated to
6 rate classes in the same manner as the Company, except for an adjustment stemming
7 from the change in the minimum increase (limit) discussed above. More
8 specifically, setting the minimum increase at 0.5 times the system average results in
9 a 5.83% increase to the SC2 Primary rate class, which is slightly greater than the
10 relative class increase assigned by RECO.

11

12 **Q. How did you determine your recommended increase to the SC2 Secondary**
13 **Demand-Metered class shown on line 5 of Schedule BK-2?**

14 A. This class receives an increase of 0.58 times the system average, or 6.8%, which is
15 the *residual* increase necessary to implement Rate Counsel's recommended revenue
16 adjustment in this proceeding.

17

18 **Q. What is the source of the present distribution revenues shown in column 1 of**
19 **Schedule BK-2?**

20 A. Ms. Crane does not sponsor any pro forma revenue adjustments to the Company's
21 12+0 distribution revenues. Therefore, the present distribution revenues shown in

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1 column 1 of Schedule BK-2 are the same as the Company's 12+0 distribution
2 revenues shown in column 1 of Schedule BK-1.

3

4

1 **IV. RATE DESIGN**

2

3 **Q. Mr. Kalcic, have you prepared a recommended rate design to implement your**
4 **recommended revenue allocation shown in Schedule BK-2?**

5 A. Yes, I have. My recommended rate design and proof of revenue is provided in
6 Schedule BK-3.

7

8 **Q. Before discussing your recommended residential rate design, please describe**
9 **the Company's existing rate structure for its residential rate schedules, i.e.,**
10 **SC1, SC3 and SC5.**

11 A. At present, SC1 contains a fixed customer or service charge and a seasonally
12 differentiated kWh-based distribution charge. The summer distribution charge
13 consists of an inclining block rate, with a higher charge for usage in excess of 250
14 kWhs per month. In addition, SC1 includes separate rates applicable to water
15 heating and space heating service.

16 The SC3 rate schedule is available to residential time of day ("TOD") water
17 heating and/or space heating customers. SC3 contains a fixed service charge and a
18 seasonally differentiated kWh-based distribution charge. The distribution charge is
19 further differentiated across (peak and off-peak) time periods within each season.

20 The SC5 rate schedule applies to residential space heating service. SC5
21 contains a fixed service charge and a seasonally differentiated kWh-based
22 distribution charge. The distribution charge consists of a three-step inclining block

1 rate, with separate charges applicable to the first 250 kWhs, the next 450 kWhs and
2 all usage in excess of 700 kWhs.

3

4 **Q. Is RECO proposing to modify its existing SC1 rate structure in this**
5 **proceeding?**

6 A. Yes. First, the Company proposes to eliminate 50% of the rate discounts applicable
7 to SC1 water heating and space heating customers, and to close SC1 to new water
8 heating and space heating customers.⁴ Second, consistent with Paragraph 8 of the
9 Stipulation of Settlement in RECO's base rate proceeding at Docket No.
10 ER09080668 ("2009 Settlement"), the Company has investigated the
11 appropriateness of existing residential first block threshold of 250 kWh, and is
12 proposing to extend the first SC1 summer rate block from 250 kWh to 600 kWh.

13

14 **Q. Why is RECO proposing to eliminate 50% of the rate discounts applicable to**
15 **SC1 water heating and space heating customers?**

16 A. RECO contends that its existing SC1 discounts are not cost based.

17

18 **Q. Do you agree that such SC1 discounts are not cost based?**

19 A. Yes, to the extent that the Company's ECOS results for the SC3 and SC5 rate
20 classes do not support the current water heating and/or space heating discounts for

⁴ Note that residential water heating and space heating service would continue to be available via the Company's SC3 and SC5 rate schedules.

1 SC1 customers. In other words, a water heating or space heating customer on SC1
2 would pay a lower average rate for the equivalent service taken on SC3 or SC5.

3

4 **Q. Do you therefore agree with RECO's proposal to eliminate 50% of the rate**
5 **discounts applicable to SC1 water heating and space heating customers?**

6 A. Yes, I do.

7

8 **Q. What is the Company's rationale for extending the first SC1 summer rate**
9 **block from 250 kWh to 600 kWh?**

10 A. Based on its analysis of residential usage, the Company found that the minimum
11 average monthly usage of residential customers was approximately 600 kWh per
12 month. From this, RECO concluded that 600 kWh represents a base level of usage,
13 and that usage above 600 kWh is discretionary. Accordingly, RECO is proposing to
14 extend the first SC1 summer rate block from 250 kWh to 600 kWh, so that the
15 higher SC1 inclining block rate coincides/applies to discretionary (rather than base)
16 usage levels.

17

18 **Q. When does RECO propose to implement its proposal to modify the first SC1**
19 **summer rate block?**

20 A. RECO is proposing to implement the rate block change on June 1, 2015.

21

22 **Q. Why June 1, 2015?**

1 A. Currently, residential customers taking Basic Generation Service Fixed Pricing
2 (“BGS-FP”) service pay 9.256¢ per kWh for the first 250 kWh of usage in the
3 summer months, and 10.638¢ per kWh for all usage over 250 kWh. In other words,
4 the rate blocks for residential BGS-FP service are identical to those used for
5 distribution service. In order to ensure that the rate blocks applicable to BGS-FP
6 charges and distribution service charges remain in sync, RECO must propose a
7 corresponding rate block change (for RECO’s residential customers) within the
8 context of a statewide BGS Auction. The Company’s first opportunity to propose
9 that change will be in the 2015 BGS Auction, the results of which will be
10 implemented on June 1, 2015.

11

12 **Q. Do you agree with RECO’s proposal to extend the first SC1 summer rate block**
13 **from 250 kWh to 600 kWh?**

14 A. Yes. The proposed modification will produce a greater relative price differential
15 (increase) across the two rate blocks than currently exists. As a result, residential
16 customers will see a stronger price signal to conserve energy in the summer months,
17 and that price signal will apply to discretionary (rather than base) usage. The Board
18 should approve RECO’s proposal.

19

20 **Q. Have you prepared a recommended SC1 rate design to implement an initial**
21 **summer rate block of 0-600 kWh?**

22 A. Yes. I discuss that rate design later in my testimony.

1

2 **Q. Please explain how you derived your recommended SC1 rates that would**
3 **become effective at the conclusion of this case, and remain effective until June**
4 **1, 2015.**

5 A. First, I applied an across-the-board increase of 14.5% to all SC1 tariff charges.
6 Second, I eliminated 50% of the existing rate discounts applicable to SC1 water
7 heating and space heating customers.

8

9 **Q. Please explain your recommended rate design for the Company's SC3 and SC5**
10 **rate schedules.**

11 A. My recommended SC3 and SC5 rate design includes an across-the-board increase of
12 approximately 14.5% to all tariff charges.

13

14 **Q. Please describe RECO's SC2 General Service rate schedule.**

15 A. SC2 is applicable to non-residential customers with demands less than 1,000 kW
16 that take service at secondary or primary voltage. Service at secondary voltage may
17 be either: a) unmetered; b) non-demand metered; or c) demand metered. SC2
18 secondary also includes a separate rate for space heating.

19 SC2 distribution charges include: 1) a fixed service charge; 2) a seasonally
20 differentiated demand charge (that applies only to billing demand in excess of 5 kW
21 per month); and 3) a seasonally differentiated, declining-block usage (kWh) charge.

22

1 **Q. Is RECO proposing to modify its existing SC2 secondary rate structure in this**
2 **proceeding?**

3 A. Yes, it is. First, RECO proposes to eliminate the declining block usage charge for
4 non-demand metered customers. Second, RECO proposes to eliminate one-third of
5 the declining block usage discount applicable to SC2 secondary demand-metered
6 customers, and to phase-in a demand charge applicable to the first 5 kW of monthly
7 billing demand.

8

9 **Q. Do you agree with RECO's proposed SC2 secondary rate structure changes?**

10 A. Yes. The Company's proposal to reduce and/or eliminate declining block usage
11 charges will provide a more conservation-oriented price signal to SC2 secondary
12 customers, since the price of distribution service will no longer decline (or at least
13 not decline as greatly) with an increase in usage.

14 Moreover, since RECO's higher first block usage charge is intended to
15 recognize, at least in part, that no revenue is recovered in the 0-5 kW demand
16 charge block, I find it reasonable to phase-in a demand charge that applies to the
17 first 5 kW of billing demand.

18

19 **Q. How did you determine your recommended rates for RECO's SC2 Secondary**
20 **and SC2 Space Heating classes?**

21 A. First, I applied the applicable class average increase to the unmetered, non-demand
22 metered and demand metered customer charges. Second, I applied a residual

1 increase of 14.5% to the non-demand metered usage charges, while eliminating
2 100% of the declining block usage charge. Third, I applied a class average increase
3 to the existing levels of SC2 (demand metered) usage and demand charge revenues,
4 while i) eliminating one-third of the declining block usage rate and ii) implementing
5 a first block demand charge equal to one-third the average seasonal demand charge.⁵

6 SC2 includes a separate provision applicable to space heating service, which
7 contains a flat rate, seasonally differentiated kWh-based distribution charge. My
8 recommended SC2 Space Heating rate design includes an across-the-board increase
9 of 14.5% to existing distribution charges.

10
11 **Q. Is RECO proposing to modify its existing SC2 primary rate structure in this**
12 **proceeding?**

13 A. Yes. First, RECO proposes to eliminate 100% of the three-step declining block
14 usage charge applicable to demand metered customers. Second, RECO proposes to
15 establish seasonal demand charges applicable to all billing demand. Third, RECO
16 is proposing to shift recovery of 30% of the class's usage revenue from usage to
17 demand charges.

18
19 **Q. Do you agree with RECO's proposed SC2 primary rate structure changes?**

20 A. For the most part, I do. As with its SC2 secondary rate design, the Company's
21 proposal to eliminate all declining block usage charges will provide a more

⁵ See Schedule BK-3, page 3 of 7.

1 conservation-oriented price signal to SC2 primary customers. In addition, since
2 100% of the declining block usage charge would be eliminated, it appears
3 reasonable to implement a uniform demand charge within each season (rather than
4 phase-in the first block demand charge).

5

6 **Q. Why is the Company proposing a shift in revenue responsibility from SC2
7 Primary usage charges to demand charges?**

8 A. RECO argues that most of its SC2 primary distribution revenue requirement
9 consists of fixed costs, which are more appropriately recovered in demand charges.

10

11 **Q. Does your recommended SC2 primary rate design include a shift in revenue
12 responsibility for usage to demand charges?**

13 A. Yes. Specifically, my recommended SC2 demand and usage charges are each
14 designed recover 50% of the class's overall revenue requirement (exclusive of
15 customer charge revenues).

16

17 **Q. How did you determine your recommended rates for RECO's SC2 Primary
18 customers?**

19 A. First, I applied the class average increase to the customer charge. Second, I
20 assigned 50% of the remaining revenue target to be recovered in the class's demand

1 charges and 50% in usage charges. Third, I set uniform demand and usage charges
2 to recover their respective revenue requirements, by season.⁶

3

4 **Q. Please explain how you derived your recommended rates for RECO's SC4**
5 **Public Street Lighting rate class.**

6 A. The SC4 rate schedule contains a fixed distribution charge that varies according to
7 the size and/or type of luminaire installation. My recommended SC4 rate design
8 includes an across-the-board increase of approximately 14.5% to all such fixed
9 luminaire charges.

10

11 **Q. Mr. Kalcic, how did you develop your recommended rates for RECO's SC6**
12 **POL – Dusk to Dawn and SC6 POL – Energy Only rate classes?**

13 A. The SC6 POL – Dusk to Dawn rate schedule contains a fixed distribution charge
14 that varies according to the size and/or type of luminaire installation. My
15 recommended SC6 POL – Dusk to Dawn rate design includes an across-the-board
16 increase of approximately 17.4% to all such fixed luminaire charges.

17 SC6 includes a separate provision for *energy only* service applicable to
18 customers that have installed, own and maintain all facilities necessary to provide
19 outdoor lighting. The SC6 POL – Energy Only provision includes a fixed customer
20 charge and a kWh-based distribution charge. My recommended SC6 POL – Energy

⁶ See Schedule BK-3, page 4 of 7.

1 Only rate design includes an across-the-board increase of approximately 14.5% to
2 all existing distribution-related charges.

3

4 **Q. Please explain how you derived your recommended rates for RECO's SC7**
5 **Primary TOD, SC7 High Voltage and SC7 Space Heating rate classes.**

6 A. The SC7 Primary rate schedule applies to customers with a minimum demand of
7 1,000 kW that take service at primary voltage. SC7 Primary TOD contains a fixed
8 service charge and seasonally differentiated kW-based (demand) and kWh-based
9 (usage) distribution charges. These distribution charges are further differentiated
10 across (peak and off-peak) time periods within each season. My recommended SC7
11 Primary TOD rate design includes an across-the-board increase of approximately
12 12.8% to all such tariff charges.

13 The SC7 High Voltage rate schedule applies to customers with a minimum
14 demand of 1,000 kW that take service at sub-transmission or transmission voltage.
15 SC7 High Voltage contains a fixed service charge and seasonally differentiated kW-
16 based (demand) and kWh-based (usage) distribution charges. These distribution
17 charges are further differentiated across (peak and off-peak) time periods within
18 each season. My recommended SC7 High Voltage rate design includes no increase
19 to the existing fixed service charge since the existing charge is in excess of cost of
20 service.⁷ I assigned an across-the-board residual increase of approximately 17.5%

⁷ Cost of service is based upon the monthly customer cost benchmarks shown in RECO's response to RCR-RD-10.

1 to all remaining tariff charges, which produces an overall SC7 High Voltage class
2 increase of 14.5%.

3 SC7 also includes a separate provision applicable to space heating service,
4 which contains a seasonally differentiated kWh-based distribution charge. My
5 recommended SC7 Space Heating rate design includes an across-the-board increase
6 of approximately 14.5% to existing distribution charges.

7

8 **Q. Mr. Kalcic, please explain how you modified your recommended SC1 rate**
9 **design shown in Schedule BK-3 to include an initial summer rate block of 0-**
10 **600 kWh.**

11 A. My modified SC1 rate design is shown in Schedule BK-4. The top half of Schedule
12 BK-4 shows my SC1 rate design from page 1 of Schedule BK-3. To implement an
13 initial summer rate block of 0-600 kWh, I set the rate for the Next 350 kWh equal to
14 the rate for the First 250 kWh (so that the initial rate applies to a total of 600 kWh)
15 and recovered the resulting revenue shortfall via a proportionate increase in the: a)
16 Over 600 kWh summer rate block; and b) the summer water heating rate.

17

18 **Q. Why did you apply a proportionate increase to the summer water heating**
19 **rate?**

20 A. The Company's summer water heating discount applies to the *second* SC1 summer
21 rate block. Since the second SC1 summer rate block increases as a result of the

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1 modified rate design, an increase to the summer water heating rate is necessary in
2 order to maintain the same proportional water heating discount after the rate change.

3

4 **Q. Is your modified SC1 rate design shown in Schedule BK-4 revenue neutral**
5 **with respect to the total level of revenue collected from SC1 customers?**

6 A. Except for differences due to rounding of \$436, it is.

7

8 **Q. Have you prepared a summary of the Rate Counsel's recommended SC1 rates?**

9 A. Yes. Schedule BK-5 provides a summary of my recommended SC1 residential
10 rates, before and after the expansion of the initial summer rate block to include 600
11 kWh.

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V. MISCELLANEOUS TARIFF ISSUES

Q. Mr. Kalcic, what topics will you discuss in this section of your testimony?

A. I will discuss RECO’s proposals to: 1) modify its existing provisions for Standby Service; 2) modify its Net Metering and Interconnection Standards For Class I Renewable Energy Systems Rider (“Net Metering Rider”); 3) increase its fee for re-inspection of an applicant’s premises; and 4) establish a charge for Third Party Supplier (“TPS”) requests for historical customer usage information that exceed the most recent twenty-four month period.

Q. Please summarize the Company’s proposed changes to its Standby Service provisions.

A. RECO is proposing to modify its Standby Service provisions so as to align them with those proposed in the Board’s generic Standby Proceeding at BPU Docket No. GO12070600. Under RECO’s proposal, standby rates would apply not only to customers that operate qualifying facilities but also to customer facilities that meet the definition of distributed generation (as defined in N.J.S.A. 48:2-21.37). In addition, the Company proposes to remove an existing provision that waives the standby charge for customer generation that operates at an availability factor above 90%, and to make its Standby Provisions applicable to SC2 demand-metered customers (not just SC7 customers).

1 **Q. What is the status of the generic proceeding at BPU Docket No. GO12070600?**

2 A. Counsel advises that the comment period has concluded and that the Board's final
3 order is pending.

4

5 **Q. Do you agree with the Company's proposal to modify its Standby Service
6 provisions at this time?**

7 A. No. Since a final order in BPU Docket No. GO12070600 is pending, RECO
8 presumably has no way of knowing whether or not its proposed changes would be
9 "consistent" with the Board's decision.

10

11 **Q. What do you recommend?**

12 A. I recommend that RECO's existing Standby Service provisions remain unchanged
13 until such time as the Board issues final regulations with respect to the provision of
14 Standby Service.

15

16 **Q. Is RECO proposing to modify the language contained in its Net Metering
17 Rider?**

18 A. Yes. The Company is proposing to modify the language to conform to the latest
19 version of N.J.A.C. 14:8-4.

20

21 **Q. Do you have any issue with the Company's proposal?**

1 A. No, since the changes are intended to bring the Company's Net Metering Rider into
2 compliance with existing regulations.

3

4 **Q. Mr. Kalcic, please describe the Company's existing inspection provisions and**
5 **re-inspection fee.**

6 A. General Information Section No. 22 of the Company's tariff allows RECO to
7 inspect an applicant's premises before connecting and/or servicing wires or
8 installing meters. There is no charge for an initial inspection. However, if the
9 conditions of an applicant's premises do not comply with applicable rules, RECO is
10 permitted to charge the applicant \$48.63 for any subsequent re-inspection. The fee
11 of \$48.63 has remained unchanged for six years.

12

13 **Q. What is the Company's requested increase in its re-inspection fee?**

14 A. RECO is proposing to increase the existing fee from \$47.63 to \$68.00, based on
15 total cost per re-inspection of \$67.90.⁸ As such, RECO's requested increase is
16 intended to move the current re-inspection fee to full cost of service in this case.

17

18 **Q. Do you agree it is appropriate to increase the Company's re-inspection fee to**
19 **\$68.00 in this proceeding?**

20 A. Yes, I do.

21

⁸ See the Panel's direct testimony at page 23.

1 **Q. Mr. Kalcic, please describe the Company's proposal with respect to charging**
2 **TPSs for historical usage information.**

3 A. At the present time, RECO provides TPSs with twenty-four months of historical
4 customer usage information at no charge. In anticipation of an increase in requests
5 for historical data in excess of twenty-four months, RECO is proposing to establish
6 a charge of \$15.00 for each request for such information.

7
8 **Q. How did RECO determine the level of its proposed \$15.00 charge?**

9 A. The proposed charge is based on the incremental labor costs associated with
10 retrieving historical usage information that is not readily available in the Company's
11 billing system.⁹

12
13 **Q. Do you agree with the Company's proposed charge for historical usage**
14 **information?**

15 A. Yes, since the charge is only applicable in the case where a TPS requests
16 information that is not readily available in RECO's billing system.

17
18 **Q. Have you reflected any additional revenue associated with the Company's**
19 **proposals to i) increase its re-inspection fee and ii) implement a charge for**
20 **historical usage information in Schedule BK-2?**

⁹ See the Panel's direct testimony at page 24.

Direct Testimony of Brian Kalcic

1 A. No, since the Company expects that any such additional revenue would be *de*
2 *minimus*.¹⁰

3

4 **Q. Does this conclude your direct testimony?**

5 A. Yes.

¹⁰ See RECO's response to RCR-RD-12.

SCHEDULES BK-1 TO BK-5

Rockland Electric Company
Summary of Company Proposed Increases
in Class Distribution Revenues
(\$000)

Schedule BK-1

Line	Class	Present Distribution Revenue 1/ (1)	Proposed Increase		
			Amount (2)	% (3)	Index (4)
1	SC1 Res Svc	\$ 29,315.5	\$ 15,326.5	52.3%	125
2	SC3 Res TOD Heating	8.4	4.4	52.3%	125
3	SC5 Res Space Heating	678.0	354.5	52.3%	125
4	SC2 Sec Non-Demand	321.9	168.3	52.3%	125
5	SC2 Sec	18,204.5	4,637.8	25.5%	61
6	SC2 Space Heating	885.4	462.9	52.3%	125
7	SC2 Pri	2,155.2	285.2	13.2%	32
8	SC4 Public Street Lighting	742.0	388.0	52.3%	125
9	SC6 POL - Dusk to Dawn	294.3	184.7	62.7%	150
10	SC6 POL - Energy Only	69.8	36.5	52.3%	125
11	SC7 Pri TOD	3,741.6	1,698.9	45.4%	109
12	SC7 HV TOD	147.2	76.9	52.3%	125
13	SC7 Space Heating	403.6	211.0	52.3%	125
14	Subtotal	\$ 56,967.3	\$ 23,835.6	41.8%	100
<u>Other Revenues</u>					
15	Misc. Service Revenue	17.0	0	0.0%	
16	Electric Rents	252.0	0	0.0%	
17	Other Misc. Revenues	137.0	0	0.0%	
18	Subtotal	406.0	0		
19	Total Distribution	\$ 57,373.3	\$ 23,835.6	41.5%	
			\$ 23,826.0	Target	
			\$ 9.6	Rounding	

Source: RCR-RD2-18
(12+0) Rate Design
Workpapers

Notes:

1/ Excludes BGS, Transmission, SBC, RGGI, TBC & SUT.

Rockland Electric Company
Summary of Rate Counsel Recommended Adjustments
in Class Distribution Revenues
(\$000)

Schedule BK-2

Line	Class	Present Distribution Revenue 1/ (1)	Recommended Increase		
			Amount (2)	% (3)	Index (4)
1	SC1 Res Svc	\$ 29,315.5	\$ 4,251.0	14.50%	125
2	SC3 Res TOD Heating	8.4	1.2	14.51%	125
3	SC5 Res Space Heating	678.0	98.4	14.51%	125
4	SC2 Sec Non-Demand	321.9	46.7	14.51%	125
5	SC2 Sec	18,204.5	1,236.2	6.79%	58
6	SC2 Space Heating	885.4	128.5	14.52%	125
7	SC2 Pri	2,155.2	125.6	5.83%	50
8	SC4 Public Street Lighting	742.0	107.9	14.54%	125
9	SC6 POL - Dusk to Dawn	294.3	51.2	17.40%	150
10	SC6 POL - Energy Only	69.8	10.1	14.51%	125
11	SC7 Pri TOD	3,741.6	477.3	12.76%	110
12	SC7 HV TOD	147.2	21.4	14.53%	125
13	SC7 Space Heating	403.6	58.5	14.50%	125
14	Subtotal	\$ 56,967.3	\$ 6,614.2	11.61%	100
<u>Other Revenues</u>					
13	Misc. Service Revenue	17.0	0.0	0.00%	
14	Electric Rents	252.0	0.0	0.00%	
15	Other Misc. Revenues	137.0	0.0	0.00%	
16	Subtotal	406.0	0.0		
17	Total Distribution	\$ 57,373.3	\$ 6,614.2	11.53%	
			\$ 6,614.0	Target	
			\$ 0.2	Rounding	

Source: Sch. BK-3

Notes:

1/ Excludes BGS, Transmission, SBC, RGGI, TBC & SUT.

Rockland Electric Company
Rate Counsel Recommended Distribution Rates
and Proof of Revenue

	Present Distribution Rates		Recommended Distribution Rates		Increase		
	Billing Units (1)	Rate (2)	Revenue (3)	Rate (4)	Revenue (5)	Amount (6)	Percent (7)
Residential - SC1			Res-SC1		Res-SC1		
Service Charge	749,195	\$ 3.63	\$ 2,719,577	\$ 4.16	\$ 3,116,650	\$ 397,073	14.60%
Distribution Charge							
Summer							
First 250 kWh	60,142,993	\$ 0.03483	2,094,780	0.03982	2,394,894	300,113.5	14.33%
Next 350 kWh	71,617,945	\$ 0.04126	2,954,956	0.04717	3,378,218	423,262	14.32%
Over 600 kWh	172,256,926	\$ 0.04126	7,107,321	0.04717	8,125,359	1,018,038	14.32%
Winter							
First 250 kWh	118,657,740	\$ 0.03483	4,132,849	0.03982	4,724,951	592,102	14.33%
Over 250 kWh	288,615,692	\$ 0.03483	10,052,485	0.03982	11,492,677	1,440,192	14.33%
Water Heating							
Summer	2,903,689	\$ 0.02914	84,614	0.04024	116,844	32,231	38.09%
Winter	4,806,482	\$ 0.02914	140,061	0.03657	175,773	35,712	25.50%
Space Heating							
Winter	1,239,636	\$ 0.02327	28,846	0.03321	41,168	12,322	42.72%
Total Distribution Revenues			\$ 29,315,489		\$ 33,566,535	4,251,047	14.50%

Rockland Electric Company
Rate Counsel Recommended Distribution Rates
and Proof of Revenue

	Billing Units (1)		Present Distribution Rates Rate (2) Revenue (3)		Recommended Distribution Rates Rate (4) Revenue (5)		Increase Amount (6) Percent (7)	
Residential - SC3 TOD Heating								
Service Charge	201		\$ 4.64	\$ 933	\$ 5.31	\$ 1,067	\$ 135	14.44%
Distribution Charge								
Summer								
Peak	32,660		\$ 0.04825	1,576	\$ 0.05525	1,804	229	14.51%
Off-Peak	58,254		\$ 0.01738	1,012	\$ 0.01990	1,159	147	14.50%
Winter								
Peak	63,894		\$ 0.04328	2,765	\$ 0.04956	3,167	401	14.51%
Off-Peak	121,343		\$ 0.01738	2,109	\$ 0.01990	2,415	306	14.50%
Total Distribution Revenues			\$	8,395	\$	9,612	1,217	14.50%

	Billing Units (1)		Present Distribution Rates Rate (2) Revenue (3)		Recommended Distribution Rates Rate (4) Revenue (5)		Increase Amount (6) Percent (7)	
Residential - SC5 Space Heating								
Service Charge	20,806		\$ 3.63	\$ 75,527	\$ 4.16	\$ 86,555	\$ 11,027	14.60%
Distribution Charge								
Summer								
First 250 kWh	1,658,471		\$ 0.03316	54,995	\$ 0.03797	62,972	7,977	14.51%
Next 450 kWh	1,912,447		\$ 0.03867	73,954	\$ 0.04428	84,683	10,729	14.51%
Over 700 kWh	1,795,963		\$ 0.04244	76,221	\$ 0.04859	87,266	11,045	14.49%
Winter								
First 250 kWh	3,293,504		\$ 0.03316	109,213	\$ 0.03797	125,054	15,842	14.51%
Next 450 kWh	3,625,710		\$ 0.03316	120,229	\$ 0.03797	137,668	17,440	14.51%
Over 700 kWh	4,249,016		\$ 0.03950	167,836	\$ 0.04523	192,183	24,347	14.51%
Total Distribution Revenues			\$	677,975	\$	776,382	98,407	14.51%

Rockland Electric Company
Rate Counsel Recommended Distribution Rates
and Proof of Revenue

	Billing Units		Present Distribution Rates		Recommended Distribution Rates		Increase		
	(1)	(2)	Rate	Revenue	Rate	Revenue	Amount	Percent	
				(3)		(4)	(5)	(6)	(7)
General Service - SC2 Secondary									
SC2 - Non-Demand									
Service Charge									
Unmetered	9,714	\$ 8.11	\$	78,782	\$ 9.29	\$	90,245	\$ 11,463	14.55%
Non-demand metered	8,073	\$ 9.41	\$	75,967	\$ 10.78	\$	87,027	11,060	14.56%
Distribution Charge									
Summer	1,606,399	\$ 0.03622	\$	58,184	\$ 0.04146	\$	66,601	8,418	14.47%
First 4,920 kWh	0	\$ 0.02471	\$	-	\$ 0.04146	\$	-	-	67.79%
All Over									
Winter	3,319,585	\$ 0.03282	\$	108,949	\$ 0.03757	\$	124,717	15,768	14.47%
First 4,920 kWh	0	\$ 0.02471	\$	-	\$ 0.03757	\$	-	-	52.04%
All Over								<u>46,708</u>	14.51%
Subtotal				<u>321,882</u>			<u>368,590</u>		
SC2 - Demand Metered									
Service Charge									
Demand Charge	85,790	\$ 13.08	\$	1,122,131	\$ 13.97	\$	1,198,484	76,353	6.80%
Summer	105,650	\$ -	\$	-	\$ 1.00	\$	105,650	105,650	0.82%
First 5 kW	478,047	\$ 3.67	\$	1,754,433	\$ 3.70	\$	1,768,775	14,341	0.82%
Over 5 kW									
Winter	213,100	\$ -	\$	-	\$ 0.83	\$	176,873	176,873	-
First 5 kW	823,564	\$ 3.15	\$	2,594,225	\$ 3.15	\$	2,594,225	-	0.00%
Over 5 kW									
Distribution Charge									
Summer	57,398,080	\$ 0.03622	\$	2,078,958	\$ 0.03624	\$	2,080,106	1,148	0.06%
First 4,920 kWh	110,082,149	\$ 0.02471	\$	2,720,130	\$ 0.02765	\$	3,043,771	323,642	11.90%
All Over									
Winter	107,464,365	\$ 0.03282	\$	3,526,980	\$ 0.03338	\$	3,587,160	60,180	1.71%
First 4,920 kWh	178,374,816	\$ 0.02471	\$	4,407,642	\$ 0.02739	\$	4,885,686	478,045	10.85%
All Over								<u>1,236,231</u>	6.79%
Subtotal				<u>18,204,500</u>			<u>19,440,732</u>		
SC2 - Space Heating									
Distribution Charge									
Summer	9,880,164	\$ 0.03544	\$	350,153	\$ 0.04058	\$	400,937	50,784	14.50%
Winter	25,163,713	\$ 0.02127	\$	535,232	\$ 0.02436	\$	612,988	77,756	14.53%
Subtotal				<u>885,385</u>			<u>1,013,925</u>	<u>128,540</u>	14.52%
Total Distribution Revenues				\$ 19,411,767			\$ 20,823,247	\$ 1,364,771	7.27%

Rockland Electric Company
Rate Counsel Recommended Distribution Rates
and Proof of Revenue

	Billing Units (1)	Present Distribution Rates		Recommended Distribution Rates		Increase	
		Rate (2)	Revenue (3)	Rate (4)	Revenue (5)	Amount (6)	Percent (7)
General Service - SC2 Primary			SC2-P		SC2-P		
Service Charge	975	\$ 70.09	\$ 68,335	\$ 74.16	\$ 72,304	\$ 3,968	5.81%
Demand Charge.							
Summer	1,513	-	-	6.64	10,048	10,048	
First 5 kW	66,802	3.67	245,164	6.64	443,567	198,403	80.93%
Over 5 kW							
Winter	3,004	-	-	5.68	17,064	17,064	
First 5 kW	111,622	3.15	351,609	5.68	634,012	282,403	80.32%
Over 5 kW							
Distribution Charge							
Summer	1,398,564	0.03340	46,712	0.01578	22,069	(24,643)	-52.75%
First 4,920 kWh	17,957,328	0.02340	420,201	0.01578	283,367	(136,835)	-32.56%
Second	6,915,914	0.01340	92,673	0.01578	109,133	16,460	17.76%
Third							
Winter	2,764,830	0.03026	83,664	0.01581	43,712	(39,952)	-47.75%
First 4,920 kWh	29,969,002	0.02340	701,275	0.01581	473,810	(227,465)	-32.44%
Second	10,861,752	0.01340	145,547	0.01581	171,724	26,177	17.99%
Third							
Total Distribution Revenues			\$ 2,155,182		\$ 2,280,811	\$ 125,629	5.83%

Rockland Electric Company
Rate Counsel Recommended Distribution Rates
and Proof of Revenue

	Billing Units (1)	Present Distribution Rates		Recommended Distribution Rates		Increase	
		Rate (2)	Revenue (3)	Rate (4)	Revenue (5)	Amount (6)	Percent (7)
Public Street Lighting - SC4							
Luminaires			SC-4		SC-4		
5,800 SV	21,024	\$ 6.13	\$ 128,877	\$ 7.02	\$ 147,588	\$ 18,711	14.52%
9,500 SV	13,992	\$ 6.65	\$ 93,047	\$ 7.62	\$ 106,619	\$ 13,572	14.59%
16,000 SV	2,796	\$ 8.10	\$ 22,648	\$ 9.28	\$ 25,947	\$ 3,299	14.57%
27,500 SV	2,076	\$ 10.34	\$ 21,466	\$ 11.84	\$ 24,580	\$ 3,114	14.51%
46,000 SV	3,900	\$ 16.76	\$ 65,364	\$ 19.19	\$ 74,841	\$ 9,477	14.50%
16,000 SV - Post Top - Off Set	660	\$ 16.37	\$ 10,804	\$ 18.75	\$ 12,375	\$ 1,571	14.54%
27,500 SV - Off Road	0	\$ 13.66	\$ -	\$ 15.64	\$ -	\$ -	14.49%
46,000 SV - Off Road	0	\$ 19.22	\$ -	\$ 22.01	\$ -	\$ -	14.52%
1,000 OBI	2,196	\$ 4.05	\$ 8,894	\$ 4.64	\$ 10,189	\$ 1,296	14.57%
2,500 OBI	0	\$ 5.42	\$ -	\$ 6.21	\$ -	\$ -	14.58%
6,000 OBI	0	\$ 8.34	\$ -	\$ 9.55	\$ -	\$ -	14.51%
4,000 MV	39,576	\$ 5.50	\$ 217,668	\$ 6.30	\$ 249,329	\$ 31,661	14.55%
7,900 MV	18,780	\$ 6.47	\$ 121,507	\$ 7.41	\$ 139,160	\$ 17,653	14.53%
12,000 MV	696	\$ 8.43	\$ 5,867	\$ 9.65	\$ 6,716	\$ 849	14.47%
22,500 MV	3,516	\$ 10.69	\$ 37,586	\$ 12.24	\$ 43,036	\$ 5,450	14.50%
40,000 MV	156	\$ 16.25	\$ 2,535	\$ 18.61	\$ 2,903	\$ 368	14.52%
59,000 MV	204	\$ 20.55	\$ 4,192	\$ 23.53	\$ 4,800	\$ 608	14.50%
4,000 MV - Post Top	0	\$ 8.36	\$ -	\$ 9.57	\$ -	\$ -	14.47%
7,900 MV - Post Top	12	\$ 10.24	\$ 123	\$ 11.73	\$ 141	\$ 18	14.55%
7,900 MV - Post Top - Off Set	0	\$ 12.03	\$ -	\$ 13.78	\$ -	\$ -	14.55%
Subtotal			740,577		848,225	107,647	14.54%
15 Foot Brackets	3,864	\$ 0.38	\$ 1,468	\$ 0.44	\$ 1,700	\$ 232	15.79%
Undrg - Co. Owned	-	\$ 13.99	\$ -	\$ 16.02	\$ -	\$ -	14.51%
Undrg - Cust. Owned	-	\$ 3.40	\$ -	\$ 3.89	\$ -	\$ -	14.41%
Total Distribution Revenues			\$ 742,046		\$ 849,925	\$ 107,879	14.54%

Rockland Electric Company
Rate Counsel Recommended Distribution Rates
and Proof of Revenue

	Billing Units (1)		Present Distribution Rates (2)		Revenue (3)		Recommended Distribution Rates (4)		Revenue (5)		Increase Amount (6)		Percent (7)	
			Rate		Revenue		Rate	Revenue	Amount	Percent				
Private Overhead Lighting - SC6														
Luminaires														
5,800 SV - Power Brackets	72		\$ 4.10	\$	295		\$ 4.81	\$	346		\$ 51		17.32%	
9,500 SV - Power Brackets	24		\$ 4.92	\$	118		\$ 5.78	\$	139		\$ 21		17.48%	
16,000 SV - Power Brackets	48		\$ 5.28	\$	253		\$ 6.20	\$	298		\$ 44		17.42%	
5,800 SV - Street Lights	324		\$ 5.70	\$	1,847		\$ 6.69	\$	2,168		\$ 321		17.37%	
9,500 SV - Street Lights	624		\$ 6.25	\$	3,900		\$ 7.34	\$	4,580		\$ 680		17.44%	
16,000 SV - Street Lights	444		\$ 7.69	\$	3,414		\$ 9.03	\$	4,009		\$ 595		17.43%	
27,500 SV - Street Lights	492		\$ 9.86	\$	4,851		\$ 11.58	\$	5,697		\$ 846		17.44%	
46,000 SV - Street Lights	612		\$ 16.27	\$	9,957		\$ 19.10	\$	11,689		\$ 1,732		17.39%	
27,500 SV - Flood Lighting	3,120		\$ 9.86	\$	30,763		\$ 11.58	\$	36,130		\$ 5,366		17.44%	
46,000 SV - Flood Lighting	8,568		\$ 16.27	\$	139,401		\$ 19.10	\$	163,649		\$ 24,247		17.39%	
16,000 SV - Post Top	132		\$ 15.14	\$	1,998		\$ 17.78	\$	2,347		\$ 348		17.44%	
Obsolete Luminaires														
4,000 MV - Power Brackets	348		\$ 6.37	\$	2,217		\$ 7.48	\$	2,603		\$ 386		17.43%	
7,900 MV - Power Brackets	348		\$ 7.35	\$	2,558		\$ 8.63	\$	3,003		\$ 445		17.41%	
22,500 MV - Power Brackets	264		\$ 11.72	\$	3,094		\$ 13.76	\$	3,633		\$ 539		17.41%	
4,000 MV - Street Lights	204		\$ 6.99	\$	1,426		\$ 8.21	\$	1,675		\$ 249		17.45%	
7,900 MV - Street Lights	552		\$ 8.00	\$	4,416		\$ 9.39	\$	5,183		\$ 767		17.38%	
22,500 MV - Street Lights	4,572		\$ 12.42	\$	56,784		\$ 14.58	\$	66,660		\$ 9,876		17.39%	
1,000 Inc.	12		\$ 5.68	\$	68		\$ 6.67	\$	80		\$ 12		17.43%	
2,500 Inc.	0		\$ 7.33	\$	-		\$ 8.61	\$	-		\$ -		17.46%	
12,000 MV - Flood Lighting	276		\$ 10.06	\$	2,777		\$ 11.81	\$	3,260		\$ 483		17.40%	
40,000 MV - Flood Lighting	84		\$ 18.20	\$	1,529		\$ 21.37	\$	1,795		\$ 266		17.42%	
59,000 MV - Flood Lighting	984		\$ 22.66	\$	22,297		\$ 26.61	\$	26,184		\$ 3,887		17.43%	
Subtotal					293,965				345,127		51,162		17.40%	
15 Foot Brackets	888		\$ 0.40	\$	355		\$ 0.47	\$	417		\$ 62		17.50%	
Private Lighting - SC6 Energy Only														
Service Charge														
Metered	708		\$ 8.22	\$	5,820		\$ 9.41	\$	6,662		\$ 843		14.48%	
Unmetered	132		\$ 1.71	\$	226		\$ 1.96	\$	259		\$ 33		14.62%	
Summer kWhs	496,390		\$ 0.03996	\$	19,836		\$ 0.04576	\$	22,715		\$ 2,879		14.51%	
Winter kWhs	1,099,743		\$ 0.03996	\$	43,946		\$ 0.04576	\$	50,324		\$ 6,379		14.51%	
Subtotal					69,827				79,960		10,133		14.51%	
Total Distribution Revenues					\$ 364,147				\$ 425,505		\$ 61,357		16.85%	

Rockland Electric Company
Rate Counsel Recommended Distribution Rates
and Proof of Revenue

	Billing Units		Present Distribution Rates		Recommended Distribution Rates		Increase	
	(1)	(2)	Rate	Revenue	Rate	Revenue	Amount	Percent
			(3)	(4)	(5)	(6)	(7)	
Large Gen. Serv. TOD - SC7 Primary								
Service Charge	272		\$ 162.05	\$ 44,078	\$ 182.75	\$ 49,708	\$ 5,630	12.77%
Demand Charge -								
Period I	144,612	2.31	334,053	377,437	2.61	43,384	43,384	12.99%
Period II	137,956	0.57	78,635	88,292	0.64	9,657	9,657	12.28%
Period III	245,122	2.12	519,659	585,842	2.39	66,183	66,183	12.74%
Period IV	238,406	0.57	135,891	152,580	0.64	16,688	16,688	12.28%
Distribution Charge								
Period I	27,245,497	0.01648	449,006	506,221	0.01858	57,216	57,216	12.74%
Period II	40,937,389	0.01235	505,577	570,258	0.01393	64,681	64,681	12.79%
Period III	48,138,876	0.01648	793,329	894,420	0.01858	101,092	101,092	12.74%
Period IV	71,364,234	0.01235	881,348	994,104	0.01393	112,755	112,755	12.79%
Subtotal			3,741,576	4,218,862		477,286		12.76%
SC7 - High Voltage								
Service Charge	12		\$ 2,060.00	\$ 24,720	\$ 2,060.00	\$ 24,720	\$ -	0.00%
Demand Charge								
Period I	21,336	0.75	16,002	18,776	0.88	2,774	2,774	17.33%
Period II	21,168	0.18	3,810	4,445	0.21	635	635	16.67%
Period III	42,672	0.69	29,444	34,564	0.81	5,121	5,121	17.39%
Period IV	42,336	0.18	7,620	8,891	0.21	1,270	1,270	16.67%
Distribution Charge								
Period I	4,618,237	0.00188	8,682	10,206	0.00221	1,524	1,524	17.55%
Period II	9,121,996	0.00141	12,862	15,143	0.00166	2,280	2,280	17.73%
Period III	9,831,239	0.00188	18,483	21,727	0.00221	3,244	3,244	17.55%
Period IV	18,124,767	0.00141	25,556	30,087	0.00166	4,531	4,531	17.73%
Subtotal			147,179	168,559		21,379		14.53%
SC7 - Space Heating								
Distribution Charge								
Summer	3,655,007	0.03713	135,710	155,411	0.04252	19,700	19,700	14.52%
Winter	11,661,877	0.02297	267,873	306,707	0.02630	38,834	38,834	14.50%
Subtotal			403,584	462,118		58,535		14.50%
Total Distribution Revenues			\$ 4,292,339	\$ 4,849,539		\$ 557,200		12.98%

		Target	Target
		Rounding	
TOTAL RATE REVENUES		\$ 63,581,555	\$ 6,614,216
			\$ 6,614,000
			\$ 216

SUMMARY

Rockland Electric Company
Rate Counsel Recommended Redesign of Residential SC1 Rate
to Implement Increase in First Summer Rate Block from 250 kWh to 600 kWh

	Present Distribution Rates		Recommended Distribution Rates		Increase		
	Billing Units (1)	Rate (2)	Revenue (3)	Rate (4)	Revenue (5)	Amount (6)	Percent (7)
Residential - SC1			Res-SC1		Res-SC1		
Service Charge	749,195	\$ 3.63	\$ 2,719,577	\$ 4.16	\$ 3,116,650	\$ 397,073	14.60%
Distribution Charge							
Summer							
First 250 kWh	60,142,993	\$ 0.03483	2,094,780	\$ 0.03982	2,394,894	300,114	14.33%
Next 350 kWh	71,617,945	\$ 0.04126	2,954,956	\$ 0.04717	3,378,218	423,262	14.32%
Over 600 kWh	172,256,926	\$ 0.04126	7,107,321	\$ 0.04717	8,125,359	1,018,038	14.32%
Winter							
First 250 kWh	118,657,740	\$ 0.03483	4,132,849	\$ 0.03982	4,724,951	592,102	14.33%
Over 250 kWh	288,615,692	\$ 0.03483	10,052,485	\$ 0.03982	11,492,677	1,440,192	14.33%
Water Heating							
Summer	2,903,689	\$ 0.02914	84,614	\$ 0.04024	116,844	32,231	38.09%
Winter	4,806,482	\$ 0.02914	140,061	\$ 0.03657	175,773	35,712	25.50%
Space Heating							
Winter	1,239,636	\$ 0.02327	28,846	\$ 0.03321	41,168	12,322	42.72%
Total Distribution Revenues			\$ 29,315,489		\$ 33,566,535	4,251,047	14.50%
As of June 1, 2015							
Service Charge	749,195	\$ 4.16	\$ 3,116,650	\$ 4.16	\$ 3,116,650	\$ 397,073	14.60%
Distribution Charge							
Summer							
First 250 kWh	60,142,993	\$ 0.03982	2,394,894	\$ 0.03982	2,394,894	300,114	14.33%
Next 350 kWh	71,617,945	\$ 0.03982	2,851,827	\$ 0.03982	2,851,827	(103,130)	-3.49%
Over 600 kWh	172,256,926	\$ 0.05018	8,643,853	\$ 0.05018	8,643,853	1,536,532	21.62%
Winter							
First 250 kWh	118,657,740	\$ 0.03982	4,724,951	\$ 0.03982	4,724,951	592,102	14.33%
Over 250 kWh	288,615,692	\$ 0.03982	11,492,677	\$ 0.03982	11,492,677	1,440,192	14.33%
Water Heating							
Summer	2,903,689	\$ 0.04281	124,307	\$ 0.04281	124,307	39,693	46.91%
Winter	4,806,482	\$ 0.03657	175,773	\$ 0.03657	175,773	35,712	25.50%
Space Heating							
Winter	1,239,636	\$ 0.03321	41,168	\$ 0.03321	41,168	12,322	42.72%
Total Distribution Revenues			\$ 33,566,099		\$ 33,566,099	4,250,611	14.50%

Rockland Electric Company
Summary of Rate Counsel Recommended SC1 Rate Design

Line	Service Classification No. 1	Present Rates (1)	Recomm. Rates (2)	Increase	
				Amount (3)	Percent (4)
1	Customer Charge:	\$ 3.63	\$ 4.16	\$ 0.53	14.6%
	<u>Distribution Charge</u>				
	<u>Summer</u>				
2	First 250 kWh	\$0.03483	\$ 0.03982	\$ 0.00499	14.3%
3	Next 350 kWh	\$0.04126	\$ 0.04717	\$ 0.00591	14.3%
4	Over 600 kWh	\$0.04126	\$ 0.04717	\$ 0.00591	14.3%
	<u>Winter</u>				
5	First 250 kWh	\$0.03483	\$ 0.03982	\$ 0.00499	14.3%
6	Next 350 kWh	\$0.03483	\$ 0.03982	\$ 0.00499	14.3%
	<u>Water Heating</u>				
7	Summer - All kWhs	\$0.02914	\$ 0.04024	\$ 0.01110	38.1%
8	Winter - All kWhs	\$0.02914	\$ 0.03657	\$ 0.00743	25.5%
	<u>Space Heating</u>				
9	Winter - All kWhs	\$0.02327	\$ 0.03321	\$ 0.00994	42.7%
	<u>As of June 1, 2015</u>				
10	Customer Charge:	\$ 3.63	\$ 4.16	\$ 0.53	14.6%
	<u>Distribution Charge</u>				
	<u>Summer</u>				
11	First 250 kWh	\$ 0.03483	\$ 0.03982	\$ 0.00499	14.3%
12	Next 350 kWh	\$0.04126	\$ 0.03982	\$ (0.00144)	-3.5%
13	Over 600 kWh	\$0.04126	\$ 0.05018	\$ 0.00892	21.6%
	<u>Winter</u>				
14	First 250 kWh	\$ 0.03483	\$ 0.03982	\$ 0.00499	14.3%
15	Next 350 kWh	\$0.03483	\$ 0.03982	\$ 0.00499	14.3%
	<u>Water Heating</u>				
16	Summer - All kWhs	\$ 0.02914	\$ 0.04281	\$ 0.01367	46.9%
17	Winter - All kWhs	\$0.02914	\$ 0.03657	\$ 0.00743	25.5%
	<u>Space Heating</u>				
18	Winter - All kWhs	\$ 0.02327	\$ 0.03321	\$ 0.00994	42.7%

Source: Sch. BK-3, page 1 of 7 and Sch. BK-4.

APPENDIX

APPENDIX

Qualifications of Brian Kalcic

Mr. Kalcic graduated from Benedictine University with a Bachelor of Arts degree in Economics in December, 1974. In May, 1977 he received a Master of Arts degree in Economics from Washington University, St. Louis. In addition, he has completed all course requirements at Washington University for a Ph.D. in Economics.

From 1977 to 1982, Mr. Kalcic taught courses in economics at both Washington University and Webster University, including Microeconomic and Macroeconomic Theory, Labor Economics and Public Finance.

During 1980 and 1981, Mr. Kalcic was a consultant to the Equal Employment Opportunity Commission, St. Louis District Office. His responsibilities included data collection and organization, statistical analysis and trial testimony.

From 1982 to 1996, Mr. Kalcic joined the firm of Cook, Eisdorfer & Associates, Inc. During that time, he participated in the analysis of electric, gas and water utility rate case filings. His primary responsibilities included cost-of-service and economic analysis, model building, and statistical analysis.

In March 1996, Mr. Kalcic founded Excel Consulting, a consulting practice that offers business and regulatory analysis.

Mr. Kalcic has previously testified before the state regulatory commissions of Delaware, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Missouri, New Jersey, New York, Ohio, Oregon, Pennsylvania, and Texas, and also before the Bonneville Power Administration.