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October 16, 2017

**Via Hand Delivery**

Irene Kim Asbury, Secretary  
Board of Public Utilities  
44 South Clinton Avenue  
3rd Floor, Suite 314  
P.O. Box 350  
Trenton, NJ 08625-0350

BOARD OF PUBLIC UTILITIES

OCT 16 2017

MAIL RECEIVED

ER17101066

Re: I/M/O the Petition of Rockland Electric Company for Approval of Electric  
Base Rate Adjustments Pursuant to the Storm Hardening Program  
("October 2017 SHP Rate Filing")  
BPU Docket No. \_\_\_\_\_

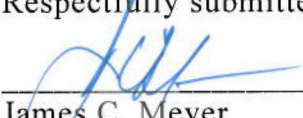
Dear Secretary Asbury:

On behalf of Rockland Electric Company (the "Company"), enclosed for  
filing please find an original and eleven copies of the Company's Petition, testimonies  
and supporting schedules.

Kindly stamp the extra copy "filed" and return in the enclosed self-  
addressed postage paid envelope.

CMS  
LEGAL  
DAG  
RPA  
S. Peterson  
T. WALKER  
ENERGY(4) TDC

Respectfully submitted,

  
James C. Meyer  
Riker, Danzig, Scherer, Hyland & Perretti, LLP  
Attorneys for  
Rockland Electric Company

c: Attached Service List

4888734v1

BOARD OF PUBLIC UTILITIES

OCT 16 2017

MAIL RECEIVED

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF  
ROCKLAND ELECTRIC COMPANY  
FOR APPROVAL OF ELECTRIC  
BASE RATE ADJUSTMENTS  
PURSUANT TO THE STORM  
HARDENING PROGRAM

BPU DOCKET NO. ER17101066

**VERIFIED PETITION**

Rockland Electric Company ("RECO", the "Company", or "Petitioner"), a corporation of the State of New Jersey, which has an office at One Lethbridge Plaza, Suite 32 – Second Floor, Route 17 North, Mahwah, New Jersey 07430, respectfully petitions the New Jersey Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:2-21 as follows:

**INTRODUCTION AND OVERVIEW**

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service, for residential, commercial and industrial purposes within the State of New Jersey. RECO is a wholly-owned subsidiary of Orange and Rockland Utilities, Inc. ("Orange and Rockland"), and an affiliate of Consolidated Edison Company of New York, Inc. ("Con Edison"). RECO provides electric distribution service to approximately 73,000 customers in an area which extends from eastern Bergen County at the Hudson River to western Passaic County and small communities in Sussex County, New Jersey.

2. The rates and charges for electric service furnished by Petitioner and the conditions upon which the same are furnished are set forth in Petitioner's tariff designated B.P.U. No. 3 - Electricity.

3. Petitioner is subject to regulation by the Board for the purposes of setting its retail distribution rates and to assure safe, adequate and reliable electric distribution service pursuant to N.J.S.A. 48:2-13, *et seq.*

4. RECO is filing this Petition seeking Board approval for electric base rate changes to provide for cost recovery associated with the Company's Storm Hardening Program. The Board approved the Storm Hardening Program in its Order dated January 28, 2016 in BPU Docket Nos. AX13030197 and ER14030250 ("Storm Hardening Order"). In that Order, the Board adopted a Stipulation ("Stipulation") that explicitly authorizes this rate filing in October 2017 for rates to be effective April 1, 2018. (Stipulation, paragraph 30.c.)

### **BACKGROUND**

5. The Stipulation approved by the Storm Hardening Order provided that the Storm Hardening Program will include a capital investment level of up to \$15,724,100. Recovery of this investment will be through a stipulated cost recovery mechanism ("SHP Revenue Adjustment Mechanism"), with semi-annual base rate roll-ins. The Stipulation (§ 33) sets forth the formula for calculating these base rate roll-ins.

6. Generally, the Company's investments are anticipated to be made over a three-year (36-month) period, beginning on the effective date of the Storm Hardening Order (*i.e.*, February 6, 2016), on the following incremental storm hardening and system resiliency subprograms: (a) \$5,089,900 for Selective Undergrounding (*i.e.*, the West Milford project); (b) \$2,334,200 for Overhead System Construction Projects; (c) \$300,000 for Substation Flood Mitigation (*i.e.*, the Muscle Wall System); and (d) \$8 million for Distribution Automation/Smart Grid Expansion.



7. The Storm Hardening Order (p. 5) and Attachment D to the Stipulation, outlined the Minimum Filing Requirements (“MFRs”) for the Storm Hardening Program cost recovery petitions and provided for the recovery of Storm Hardening Program approved costs by future adjustments to base rates. A matrix setting forth the location of each MFR is provided in Appendix A to this Petition. This Petition is the initial cost recovery petition filed by the Company with the Board pursuant to the Storm Hardening Order.<sup>1</sup>

### **REQUEST FOR COST RECOVERY**

8. Consistent with the Storm Hardening Order, RECO is seeking Board approval to recover the revenue requirement associated with certain capitalized investment costs of the Storm Hardening Program through and including December 31, 2017. The annualized increase in revenue requirement associated with those investment costs is approximately \$795,035 in revenue and is supported by Attachment I, Schedule I attached hereto. The rate adjustments in this filing are for recovery of costs associated with Storm Hardening Program electric plant placed in service through December 31, 2017 including (i) expenditures made but not placed in rates on or before September 30, 2017 pursuant to any prior rate filing, and (ii) expenditures from October 1, 2017 through December 31, 2017 and that are forecasted in this Petition. All of this electric plant is set forth in Attachment 2 attached hereto, consisting of the workpapers (Schedule WB-1) supporting the testimony of Wayne Banker. The projected amounts of plant placed in service from October 1, 2017 through December 31, 2017, will be updated for actual results by January 15, 2018, in accordance with the Storm Hardening Order and Stipulation.

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<sup>1</sup> As noted in the testimony of Company witness Wayne Banker, the costs of several storm hardening projects were rolled into base rates in RECO's 2016 base rate case (i.e., BPU Docket ER16050428).

9. As required by the Storm Hardening Order and the Stipulation (§ 34), the revenue requirement associated with the Storm Hardening Program will be recovered through a uniform percentage increase to base distribution charges of the following service classifications: Service Classification Nos. 1, 2, 3, 4, 5, 6 and 7. The uniform percentage increases will not be applied to any of the customer charges of these service classifications. The base distribution rates that are revised as a result of the semi-annual base rate roll-ins will be calculated using the billing determinants underlying the distribution rates established in RECO's 2016 base rate case (*i.e.*, BPU Docket ER16050428). The detailed calculation supporting the electric rate design is shown in Attachment 3, Schedule 1 attached hereto.

10. Attachment 4 to this Petition is the testimony of Wayne Banker, Chief Engineer of Distribution Engineering of Orange and Rockland, addressing the progress of the Storm Hardening and plant in-service at the end of September 30, 2017. Attachment 5 to this Petition is the testimony of the Accounting and Rate Panel supporting the revenue requirement and rate calculations.

11. Bill impacts at various usage levels of the requested rate increase are set forth in Attachment 3, Schedule 2 attached hereto. The average monthly impact of the proposed rates to the typical residential electric customer that uses 925 kWh per month is an increase of \$0.58 or approximately 0.3%.

12. Attachment 6 to this Petition is a draft Form of Notice of Filing and of Public Hearings ("Form of Notice"). This Form of Notice will be placed in newspapers having a circulation within the Company's electric service territory upon scheduling of public hearing dates. A Notice will be served on the County Executives and Clerks of all municipalities within the Company's electric service territory upon scheduling of public hearing dates.

13. Two copies of this Petition, testimony, and schedules will be served upon the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07101 and upon the Director, Division of Rate Counsel, 140 East Front Street, 4th Floor, P.O. Box 003, Trenton NJ 08625. Copies of this Petition, testimony, and schedules will also be provided to the persons identified on the service list provided with this filing.

14. Attachment 7 to this Petition contains RECO's income statement and balance sheet as required by the Minimum Filing Requirements in the Storm Hardening Order.

15. RECO requests that the Board find the proposed rates, as calculated in the proof of revenue, Attachment 3, Schedule 1 hereto, are just and reasonable and RECO should be authorized to implement the proposed rates as set forth herein, effective April 1, 2018 upon issuance of a written Board order.

16. Any final rate relief found by the Board to be just and reasonable may be allocated by the Board for consistency with the provisions of N.J.S.A. 48:2-21 and for other good and legally sufficient reasons, to any class or classes of customers of the Company. Therefore, the average percentage changes in final rates may increase or decrease compared to the proposed rates based upon the Board's decision.

### **COMMUNICATIONS**

17. Communications and correspondence related to this Petition should be sent as follows:

James C. Meyer, Esq.  
Riker, Danzig, Scherer, Hyland & Perretti LLP  
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and

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[bankerw@oru.com](mailto:bankerw@oru.com)

### **CONCLUSION AND REQUESTS FOR APPROVAL**

For all the foregoing reasons, RECO respectfully requests that the Board retain jurisdiction of this matter and review and expeditiously issue an order approving this Petition specifically finding that:

1. RECO is authorized to recover all costs identified herein associated with the Storm Hardening Program incurred through December 31, 2017, as such costs are reflected in this Petition, testimony and accompanying materials, along with anticipated updates of data; and

2. The rates as calculated in the proof of revenue, Attachment 3, Schedule 1 to this Petition, are just and reasonable and may be implemented for service rendered on and after April 1, 2018.



Respectfully submitted,

ROCKLAND ELECTRIC COMPANY

By



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and

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4 Irving Place  
New York, NY 10003

Attorneys for Rockland Electric Company

Dated: October 16, 2017



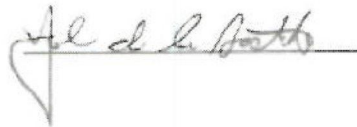
STATE OF NEW YORK     )

: ss

COUNTY OF ROCKLAND )

John de la Bastide, of full age, being duly sworn according to law, on his oath deposes  
and says

1.     I am the Treasurer of Rockland Electric Company, the petitioner in the foregoing  
Petition.
2.     I have read the annexed petition, and the matters and things contained therein are  
true to the best of my knowledge and belief.



Sworn to and subscribed to  
Before me this 13 day  
Of October, 2017

