



Rockland Electric Company

Rockland Electric Company
4 Irving Place
New York NY 10003-0987
www.ore.com

February 1, 2018

Office of the Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Attn: Aida Camacho

RECEIVED
CASE MANAGEMENT

FEB 01 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

ER 18020131

Re: Recovery of Rockland Electric Company's SREC Program Costs

Dear Ms. Camacho:

Rockland Electric Company ("the Company") hereby submits for filing an original and ten copies of Leaf No. 58 to its Schedule for Electric Service B.P.U. No. 3 – Electricity in draft format.

In its Decision and Order Approving Stipulation dated July 31, 2009 in BPU Docket No. EO09020097, the New Jersey Board of Public Utilities ("BPU") authorized the Company to enact a Solar Renewable Energy Certificate ("SREC") financing program. The costs for the SREC financing program were to be charged through a component of the Company's existing Regional Greenhouse Gas Initiative ("RGGI") Surcharge. Such component of the RGGI Surcharge would recover the following: (1) costs incurred by the Company for the purchase of SRECs, offset by revenues received by the Company from the auction of SRECs; (2) the Company's program administrative costs; (3) an SREC transaction fee of \$39.11 per SREC; and (4) interest on over- or under-recoveries.

Leaf No. 58 reflects a RGGI Surcharge rate of 0.2154 cents per kWh, including Sales and Use Tax ("SUT"). This rate is made up of the following three components: (1) a credit of 0.0033 cents per kWh, including SUT, which is the currently effective rate for the Energy Efficiency Stimulus Program; (2) a credit of 0.0072 cents per kWh, including SUT, which is the currently effective rate for the Low Income Audit II Program;¹ and (3) a proposed surcharge of 0.2259 cents per kWh, including SUT, for the SREC Program.²

Please date and time-stamp the enclosed extra copy of this letter and return it in the self-addressed envelope provided.

Please direct any questions regarding this filing to Cheryl Ruggiero at (212) 460-3189.

Very truly yours,

/s/

William A. Atzl, Jr.
Director – Rate Engineering

¹ The Company is also filing proposed changes to RGGI components (1) and (2) today in a separate filing

² There is a proposed SREC charge of 0.904 cents per kWh pending BPU approval in Docket No. ER17040429.

Cms DAE S. Peterson
Legal T. Walker Energy

GENERAL INFORMATION

No. 34 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") SURCHARGE

The RGGI Surcharge shall be applied to the kWh usage on the bills of all customers served under this Schedule. The RGGI Surcharge shall include the costs related to the Company's:

- (a) Energy Efficiency Stimulus Program ("EES Program"); and
- (b) Low Income Audit and Direct Install Energy Efficiency Program ("Low Income Audit II Program").

The RGGI Surcharge to be effective on and after the date indicated below shall be set at 0.2154 cents per kWh, including sales and use tax ("SUT"). The RGGI Surcharge includes the following rate components:

| | RGGI Surcharge Rate Components (Cents per kWh) | |
|-----------------------------|--|-----------------------------------|
| | Excluding SUT | Including SUT |
| EES Program | (0.0031) | (0.0033) |
| Low Income Audit II Program | (0.0067) | (0.0072) |
| <u>SREC Program</u> | <u>0.2119</u> | <u>0.2259</u> |
| Total RGGI Surcharge | (0.0098) <u>0.2021</u> | (0.0105) <u>0.2154</u> |

(a) EES Program

The EES Program component of the RGGI Surcharge will 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 will be included in the EES Program component of the following year's RGGI Surcharge. The difference between the actual monthly revenue requirement associated with the EES Program and actual recoveries through the EES Program component of the RGGI Surcharge will be deferred, with interest, for future recovery.

On February 1 of each year, the Company shall file with the Board the EES Program component of the RGGI Surcharge to be effective for the twelve-month period commencing the following June 1. The EES Program component of the RGGI Surcharge shall be set to recover any prior period over- or under-recovered balances, including interest, and to provide current recovery of the forecasted EES Program revenue requirement over the twelve-month period commencing the following June 1.

(Continued)

ISSUED: February 1, 2018 EFFECTIVE: June 1, 2018

ISSUED BY: Robert Sanchez, President
 Mahwah, New Jersey 07430

GENERAL INFORMATION

No. 34 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") SURCHARGE

The RGGI Surcharge shall be applied to the kWh usage on the bills of all customers served under this Schedule. The RGGI Surcharge shall include the costs related to the Company's:

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| | RGGI Surcharge Rate Components (Cents per kWh) | |
|-----------------------------|--|---------------|
| | Excluding SUT | Including SUT |
| EES Program | (0.0031) | (0.0033) |
| Low Income Audit II Program | (0.0067) | (0.0072) |
| SREC Program | 0.2119 | 0.2259 |
| Total RGGI Surcharge | 0.2021 | 0.2154 |

(a) EES Program

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(Continued)

ISSUED: February 1, 2018

EFFECTIVE: June 1, 2018

ISSUED BY: Robert Sanchez, President
Mahwah, New Jersey 07430

ROCKLAND ELECTRIC COMPANY

2017 SREC Program Component of RGGI Surcharge

Determination of SREC Program Adjustment for 2017

| | |
|---|-----------|
| SREC Program Costs (a) | \$903,071 |
| SREC Program Recoveries (b) | <u>0</u> |
| SREC Program (Over)/Under Recovery Balance (c) = (a) - (b) | 903,071 |
| Interest (Over)/Under Recovery Balance (d) | 5,429 |
| SREC Program (Over)/Under Recovery Balance including interest (e) = (c) + (d) | \$908,500 |

Collection of 2009 - 2016 SREC Program Costs

| | |
|--|-------------|
| * One-third of SREC Costs (2009 -2016) (f) | \$1,401,862 |
| SREC Program Recoveries (g) | <u>0</u> |
| SREC Program (Over)/Under Recovery Balance (h) = (f) - (g) | \$1,401,862 |

Projected 2018 SREC Program Costs

| | |
|------------------------|-----------|
| SREC Program Costs (i) | \$916,908 |
|------------------------|-----------|

SREC Rate Development

| | |
|---|---------------|
| SREC Program Component of RGGI Surcharge (j) = (e) + (h) + (i) | \$3,227,270 |
| Projected Sales (kWh) for 12-months ended May 2019 (k) | 1,523,021,000 |
| \$ per kWh Reconciliation to be (Refunded)/Surcharged (l) = (j)/(k) | \$0.002119 |
| Sales and Use Tax ("SUT") (m) | 1.06625 |
| SREC Program Surcharge (n) = (l) x (m) | \$0.002259 |

* One-third of program costs pending BPU approval in the Stipulation of Settlement signed 1/16/18 in Docket No. ER17040429: $\$4,205,585 \div 3 = \$1,401,862$

ROCKLAND ELECTRIC COMPANY

Determination of Regional Greenhouse Gas Initiative ("RGGI") Surcharge

| <u>RGGI Rate Components</u> | Rate Excl. SUT (¢/kWh) | Rate Incl. SUT (¢/kWh) |
|-----------------------------|------------------------------|------------------------------|
| EES Program | (0.0031) | (0.0033) |
| Low Income Audit II Program | (0.0067) | (0.0072) |
| <u>SREC Program</u> | <u>0.2119</u> | <u>0.2259</u> |
| Total RGGI Surcharge | 0.2021 | 0.2154 |

ROCKLAND ELECTRIC COMPANY

**Calculation of Over/Under Recovery Associated with SREC Program Component of RGGI Surcharge
Calendar Year 2017**

| | <u>Jan-17</u> Actual | <u>Feb-17</u> Actual | <u>Mar-17</u> Actual | <u>Apr-17</u> Actual | <u>May-17</u> Actual | <u>Jun-17</u> Actual | <u>Jul-17</u> Actual | <u>Aug-17</u> Actual | <u>Sep-17</u> Actual | <u>Oct-17</u> Actual | <u>Nov-17</u> Actual | <u>Dec-17</u> Actual | <u>Total</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------|
| Total Net Cost of SRECs ¹ | 0 | 0 | 435,413 | 0 | 0 | 0 | 0 | 0 | 0 | 461,304 | 0 | 0 | 896,717 |
| Admin & Program Development | 0 | 0 | 4,217 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,787 | 350 | 6,354 |
| Marketing & Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracted Processes, Insp & Other QC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | 0 | 0 | 4,217 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,787 | 350 | 6,354 |
| Total Required Costs | 0 | 0 | 439,630 | 0 | 0 | 0 | 0 | 0 | 0 | 461,304 | 1,787 | 350 | 903,071 |
| Actual Recoveries (excl SUT) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Over)/Under Recovery | 0 | 0 | 439,630 | 0 | 0 | 0 | 0 | 0 | 0 | 461,304 | 1,787 | 350 | |
| Beginning Balance - (Over)/Under Recovery | 0 | 0 | 0 | 439,630 | 439,630 | 439,630 | 439,630 | 439,630 | 439,630 | 439,630 | 900,934 | 902,721 | |
| Ending Balance (Over)/Under Recovery | 0 | 0 | 439,630 | 439,630 | 439,630 | 439,630 | 439,630 | 439,630 | 439,630 | 900,934 | 902,721 | 903,071 | |
| Average Balance (Over)/Under | 0 | 0 | 219,815 | 439,630 | 439,630 | 439,630 | 439,630 | 439,630 | 439,630 | 670,282 | 901,828 | 902,896 | |
| Average Balance (Over)/Under - Net of Tax | 0 | 0 | 130,021 | 260,041 | 260,041 | 260,041 | 260,041 | 260,041 | 260,041 | 396,472 | 533,431 | 534,063 | |
| Interest Rate (Annual) | 1.82% | 1.82% | 1.89% | 1.84% | 1.86% | 1.88% | 2.01% | 1.94% | 1.95% | 2.09% | 2.21% | 2.38% | |
| Interest Rate (Monthly) | 0.15% | 0.15% | 0.16% | 0.15% | 0.16% | 0.16% | 0.17% | 0.16% | 0.16% | 0.17% | 0.18% | 0.20% | |
| Interest to (Customer) Company | 0 | 0 | 205 | 399 | 407 | 407 | 436 | 420 | 423 | 691 | 982 | 1,059 | 5,429 |

Net of Tax Calculation

| | | |
|------------------|--|--------------|
| Revenue | | 100.00 |
| NJ CBT @ 9.0% | | <u>9.00</u> |
| | | 91.00 |
| FIT @ 35.0% | | <u>31.85</u> |
| Retention Factor | | 59.15 |

Notes

1. See Exhibit B for calculation of net cost of SRECs.

ROCKLAND ELECTRIC COMPANY

**Forecasted Calculation of Over/Under Recovery Associated with SREC Program Component of RGGI Surcharge
Calendar Year 2018**

| | <u>Jan-18</u> Actual | <u>Feb-18</u> Actual | <u>Mar-18</u> Actual | <u>Apr-18</u> Actual | <u>May-18</u> Actual | <u>Jun-18</u> Actual | <u>Jul-18</u> Actual | <u>Aug-18</u> Actual | <u>Sep-18</u> Actual | <u>Oct-18</u> Actual | <u>Nov-18</u> Actual | <u>Dec-18</u> Actual | <u>Total</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------|
| Total Net Cost of SRECs ¹ | 0 | 0 | 436,719 | 0 | 0 | 0 | 0 | 0 | 0 | 462,688 | 0 | 0 | 899,408 |
| Admin & Program Development | 2,500 | 0 | 4,000 | 2,500 | 0 | 0 | 2,500 | 0 | 0 | 2,500 | 3,000 | 500 | 17,500 |
| Marketing & Sales | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracted Processes, Insp & Other QC | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | 2,500 | 0 | 4,000 | 2,500 | 0 | 0 | 2,500 | 0 | 0 | 2,500 | 3,000 | 500 | 17,500 |
| Total Required Costs | 2,500 | 0 | 440,719 | 2,500 | 0 | 0 | 2,500 | 0 | 0 | 465,188 | 3,000 | 500 | 916,908 |

ROCKLAND ELECTRIC COMPANY

2017 Detail of SRECs Sold

| Auction Date | SRECs Sold | Purchase Price | Selling Price | Customer Charge / (Credit) | SREC Transaction Fee @ \$39.11 ea. | Net Charge to Customer |
|---------------|--------------|----------------|---------------|----------------------------|------------------------------------|------------------------|
| 3/8/2017 | 130 | \$295.00 | \$236.29 | \$7,632.30 | \$5,084.30 | \$12,716.60 |
| 3/8/2017 | 58 | 399.00 | 236.29 | 9,437.18 | 2,268.38 | 11,705.56 |
| 3/8/2017 | 117 | 399.00 | 236.29 | 19,037.07 | 4,575.87 | 23,612.94 |
| 3/8/2017 | 51 | 399.00 | 236.29 | 8,298.21 | 1,994.61 | 10,292.82 |
| 3/8/2017 | 442 | 305.00 | 236.29 | 30,369.82 | 17,286.62 | 47,656.44 |
| 3/8/2017 | 144 | 325.00 | 236.29 | 12,774.24 | 5,631.84 | 18,406.08 |
| 3/8/2017 | 49 | 450.00 | 236.29 | 10,471.79 | 1,916.39 | 12,388.18 |
| 3/8/2017 | 30 | 410.00 | 236.29 | 5,211.30 | 1,173.30 | 6,384.60 |
| 3/8/2017 | 55 | 450.00 | 236.29 | 11,754.05 | 2,151.05 | 13,905.10 |
| 3/8/2017 | 130 | 450.00 | 236.29 | 27,782.30 | 5,084.30 | 32,866.60 |
| 3/8/2017 | 188 | 380.00 | 236.29 | 27,017.48 | 7,352.68 | 34,370.16 |
| 3/8/2017 | 201 | 460.00 | 236.29 | 44,965.71 | 7,861.11 | 52,826.82 |
| 3/8/2017 | 8 | 435.00 | 236.29 | 1,589.68 | 312.88 | 1,902.56 |
| 3/8/2017 | 228 | 295.00 | 236.29 | 13,385.88 | 8,917.08 | 22,302.96 |
| 3/8/2017 | 144 | 349.90 | 236.29 | 16,359.84 | 5,631.84 | 21,991.68 |
| 3/8/2017 | 78 | 470.00 | 236.29 | 18,229.38 | 3,050.58 | 21,279.96 |
| 3/8/2017 | 15 | 399.00 | 236.29 | 2,440.65 | 586.65 | 3,027.30 |
| 3/8/2017 | 58 | 450.00 | 236.29 | 12,395.18 | 2,268.38 | 14,663.56 |
| 3/8/2017 | 41 | 450.00 | 236.29 | 8,762.11 | 1,603.51 | 10,365.62 |
| 3/8/2017 | 101 | 450.00 | 236.29 | 21,584.71 | 3,950.11 | 25,534.82 |
| 3/8/2017 | 70 | 450.00 | 236.29 | 14,959.70 | 2,737.70 | 17,697.40 |
| 3/8/2017 | 17 | 433.00 | 236.29 | 3,344.07 | 664.87 | 4,008.94 |
| 3/8/2017 | 59 | 460.00 | 236.29 | 13,198.89 | 2,307.49 | 15,506.38 |
| 10/17/2017 | 2 | 435.00 | 195.60 | 478.80 | 78.22 | 557.02 |
| 10/17/2017 | 49 | 305.00 | 195.60 | 5,360.60 | 1,916.39 | 7,276.99 |
| 10/17/2017 | 43 | 460.00 | 195.63 | 11,367.91 | 1,681.73 | 13,049.64 |
| 10/17/2017 | 2 | 435.00 | 195.63 | 478.74 | 78.22 | 556.96 |
| 10/17/2017 | 62 | 295.00 | 195.63 | 6,160.94 | 2,424.82 | 8,585.76 |
| 10/17/2017 | 35 | 349.90 | 195.63 | 5,399.45 | 1,368.85 | 6,768.30 |
| 10/17/2017 | 49 | 470.00 | 195.63 | 13,444.13 | 1,916.39 | 15,360.52 |
| 10/17/2017 | 29 | 399.00 | 195.63 | 5,897.73 | 1,134.19 | 7,031.92 |
| 10/17/2017 | 51 | 399.00 | 195.63 | 10,371.87 | 1,994.61 | 12,366.48 |
| 10/17/2017 | 30 | 399.00 | 195.63 | 6,101.10 | 1,173.30 | 7,274.40 |
| 10/17/2017 | 170 | 305.00 | 195.63 | 18,592.90 | 6,648.70 | 25,241.60 |
| 10/17/2017 | 59 | 325.00 | 195.63 | 7,632.83 | 2,307.49 | 9,940.32 |
| 10/17/2017 | 13 | 450.00 | 195.63 | 3,306.81 | 508.43 | 3,815.24 |
| 10/17/2017 | 10 | 450.00 | 195.63 | 2,543.70 | 391.10 | 2,934.80 |
| 10/17/2017 | 24 | 450.00 | 195.63 | 6,104.88 | 938.64 | 7,043.52 |
| 10/17/2017 | 17 | 450.00 | 195.63 | 4,324.29 | 664.87 | 4,989.16 |
| 10/17/2017 | 21 | 450.00 | 195.63 | 5,341.77 | 821.31 | 6,163.08 |
| 10/17/2017 | 7 | 410.00 | 195.63 | 1,500.59 | 273.77 | 1,774.36 |
| 10/17/2017 | 15 | 450.00 | 195.63 | 3,815.55 | 586.65 | 4,402.20 |
| 10/17/2017 | 7 | 433.00 | 195.63 | 1,661.59 | 273.77 | 1,935.36 |
| 10/17/2017 | 29 | 450.00 | 195.63 | 7,376.73 | 1,134.19 | 8,510.92 |
| 10/17/2017 | 25 | 460.00 | 195.63 | 6,609.25 | 977.75 | 7,587.00 |
| 10/17/2017 | 121 | 460.00 | 195.60 | 31,992.40 | 4,732.31 | 36,724.71 |
| 10/17/2017 | 3 | 435.00 | 195.60 | 718.20 | 117.33 | 835.53 |
| 10/17/2017 | 198 | 295.00 | 195.60 | 19,681.20 | 7,743.78 | 27,424.98 |
| 10/17/2017 | 92 | 349.90 | 195.60 | 14,195.60 | 3,598.12 | 17,793.72 |
| 10/17/2017 | 61 | 470.00 | 195.60 | 16,738.40 | 2,385.71 | 19,124.11 |
| 10/17/2017 | 39 | 399.00 | 195.60 | 7,932.60 | 1,525.29 | 9,457.89 |
| 10/17/2017 | 75 | 399.00 | 195.60 | 15,255.00 | 2,933.25 | 18,188.25 |
| 10/17/2017 | 42 | 399.00 | 195.60 | 8,542.80 | 1,642.62 | 10,185.42 |
| 10/17/2017 | 173 | 305.00 | 195.60 | 18,926.20 | 6,766.03 | 25,692.23 |
| 10/17/2017 | 71 | 325.00 | 195.60 | 9,187.40 | 2,776.81 | 11,964.21 |
| 10/17/2017 | 36 | 450.00 | 195.60 | 9,158.40 | 1,407.96 | 10,566.36 |
| 10/17/2017 | 26 | 450.00 | 195.60 | 6,614.40 | 1,016.86 | 7,631.26 |
| 10/17/2017 | 63 | 450.00 | 195.60 | 16,027.20 | 2,463.93 | 18,491.13 |
| 10/17/2017 | 42 | 450.00 | 195.60 | 10,684.80 | 1,642.62 | 12,327.42 |
| 10/17/2017 | 30 | 450.00 | 195.60 | 7,632.00 | 1,173.30 | 8,805.30 |
| 10/17/2017 | 20 | 410.00 | 195.60 | 4,288.00 | 782.20 | 5,070.20 |
| 10/17/2017 | 31 | 450.00 | 195.60 | 7,886.40 | 1,212.41 | 9,098.81 |
| 10/17/2017 | 12 | 433.00 | 195.60 | 2,848.80 | 469.32 | 3,318.12 |
| 10/17/2017 | 80 | 450.00 | 195.60 | 20,352.00 | 3,128.80 | 23,480.80 |
| 10/17/2017 | 37 | 460.00 | 195.60 | 9,782.80 | 1,447.07 | 11,229.87 |
| 10/17/2017 | 48 | 380.00 | 195.60 | 8,851.20 | 1,877.28 | 10,728.48 |
| Totals | 4,463 | | | \$722,169.50 | \$174,547.93 | \$896,717.43 |