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CASE MANAGEMENT

OCT 15 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

**James C. Meyer**  
Partner

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ATTORNEYS AT LAW

October 12, 2018

Via FedEx

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

RECEIVED  
MAIL ROOM  
OCT 15 2018

Re: I/M/O the Petition of Rockland Electric Company for Approval of Electric Base Rate Adjustments Pursuant to the Storm Hardening Program ("October 2018 SHP Rate Filing")  
BPU Docket No. ER1810114

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Dear Secretary Camacho-Welch:

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.

Respectfully submitted,

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

c: Attached Service List  
(by email and U.S. Mail to designees only)

4988960v1

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Legal  
DAE  
Energy

## SERVICE LIST

### I/M/O Petition of Rockland Electric Company for Approval of Electric Base Rate Adjustments Pursuant to the Storm Hardening Program BPU Doc No. ER \_\_\_\_\_ [October 12, 2018]

<p><b><u>Board of Public Utilities</u></b></p> <p>#Aida Camacho-Welch Office of the Secretary Board of Public Utilities 44 South Clinton Avenue 3rd Floor, Suite 314 P.O. Box 350 Trenton, NJ 08625-0350 <a href="mailto:aida.camacho@bpu.state.nj.us">aida.camacho@bpu.state.nj.us</a> <a href="mailto:board.secretary@bpu.state.nj.us">board.secretary@bpu.state.nj.us</a></p>	<p>Paul Flanagan, Esq. Executive Director Board of Public Utilities 44 South Clinton Avenue 3rd Floor, Suite 314 P.O. Box 350 Trenton, NJ 08625-0350 <a href="mailto:paul.flanagan@bpu.nj.gov">paul.flanagan@bpu.nj.gov</a></p>	<p>Dr. Ben Witherell, Chief Economist Board of Public Utilities 44 South Clinton Avenue 3rd Floor, Suite 314 P.O. Box 350 Trenton, NJ 08625-0350 <a href="mailto:ben.witherell@bpu.nj.gov">ben.witherell@bpu.nj.gov</a></p>
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\* Receives hard copies

#Receives hard copies; only served with filings with NJBPU (no discovery)

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\* Receives hard copies

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OCT 15 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

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. \_\_\_\_\_

### 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 that explicitly authorizes this rate filing in October 2018 for rates to be effective April 1, 2019. (Stipulation, paragraph 30.e.)

#### **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"), that allows for 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. On October 16, 2017, the Company filed the initial cost recovery petition with the Board pursuant to the Storm Hardening Order in BPU Docket No. ER17101066. On March 26, 2018, the Board issued a Decision and Order Approving Stipulation in BPU Docket No. ER17101066 approving rate adjustments effective April 1, 2018 on a provisional basis to recover revenue requirements associated with capitalized electric investment costs that were incurred pursuant to RECO’s Storm Hardening Program through and including December 31, 2017 and that had not previously placed into base rates. The actual rate adjustments effective April 1, 2018 were also reflective of the Board’s March 26, 2018 Order in Docket Nos. AX18010001 and Docket No. ER18030236 addressing interim rate reductions reflecting the impacts from the Federal Tax Cuts and Jobs Act signed into law on December 22, 2017 (“2017 Tax Act”).<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, 2018 that have not previously been included in base rates. The annualized increase in revenue requirement associated with those investment costs is approximately \$416,647 in revenue and is supported by Attachment 1,

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<sup>1</sup> The Board finalized those provisional rates, as they pertained to the 2017 Tax Act, in its Decision and Order Approving Stipulation dated June 22, 2018 in Docket Nos. AX18010001 and Docket No. ER18030236.

Schedule 1, attached hereto. The rate adjustments in this filing are for recovery of costs associated with Storm Hardening Program electric plant that (i) was placed in service but not placed in rates on or before August 31, 2018 pursuant to any prior rate filing, and (ii) will be placed into service from September 1, 2018 through December 31, 2018 and that is forecasted in this Petition. All of this electric plant is set forth in Attachment 2, Schedule 1. The projected amounts of plant placed in service from September 1, 2018 through December 31, 2018, will be updated for actual results by January 15, 2019, in accordance with the Storm Hardening Order and Stipulation.

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.

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 August 31, 2018. Attachment 5 to this Petition is the testimony of the Accounting and Rate Panel comprised of Cheryl Ruggiero, Department Manager of the Orange and Rockland Rate Design section of Con Edison's Rate Engineering Department, Eric Caban, Senior Analyst in the Orange and Rockland Rate Design section of Con

Edison's Rate Engineering Department, John de la Bastide, Director-Financial Services of Orange and Rockland, and Kevin Lyons, Project Specialist-Financial Services of Orange and Rockland. The Accounting and Rate Panel supports 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. The average monthly impact of the proposed rates to the typical residential electric customer that uses 925 kWh annually is an increase of \$0.31 or approximately 0.2%.

12. Attachment 6 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. A copy of the filing will also be available on the Company's website at [www.oru.com](http://www.oru.com).

14. Attachment 7 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, are just and reasonable and RECO should be authorized to



implement the proposed rates as set forth herein, effective April 1, 2019 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.  
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and

Wayne Banker  
Chief Engineer of Distribution Engineering  
Orange and Rockland Utilities, Inc.  
390 W. Route 59

Spring Valley, New York 10977  
(845) 577-3125  
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:

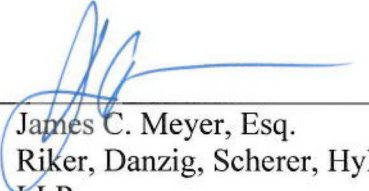
1. RECO is authorized to recover all costs identified herein associated with the Storm Hardening Program incurred through December 31, 2018, as such costs are reflected in this Petition and accompanying materials, along with anticipated updates of data; and

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 15, 2019.

Respectfully submitted,

ROCKLAND ELECTRIC COMPANY

By



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Riker, Danzig, Scherer, Hyland & Perretti  
LLP  
Headquarters Plaza  
One Speedwell Avenue  
P.O. Box 1981  
Morristown, NJ 07962-1981

and

John L. Carley, Esq.  
Assistant General Counsel  
Consolidated Edison Company Of New  
York, Inc.  
Law Department, Room 1815-S  
4 Irving Place  
New York, NY 10003

Attorneys for Rockland Electric Company

Dated: October 12, 2018

STATE OF NEW YORK )

: ss

COUNTY OF ROCKLAND )

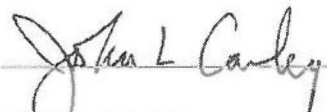
John de la Bastide, of full age, being duly sworn according to law, on his oath deposes  
and says

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 12th day  
of October, 2018.



JOHN L. CARLEY  
Notary Public, State of New York  
No. 4906281  
Qualified in Rockland County  
Commission Expires August 31, 2021