



PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P.O. BOX 003
TRENTON, NEW JERSEY 08625

STEFANIE A. BRAND
Director

**REMARKS OF STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL
PRESENTED BY KURT LEWANDOWSKI
ASSISTANT DEPUTY RATE COUNSEL**

**IN THE MATTER OF THE PETITION OF ROCKLAND ELECTRIC
COMPANY FOR APPROVAL OF AN ENERGY EFFICIENCY
PROGRAM, COST RECOVERY MECHANISM, AND OTHER RELATED
RELIEF FOR PLAN YEARS ONE THROUGH THREE**

BPU Docket No. EO20090623

TELEPHONIC PUBLIC HEARINGS

**Dial-In: 518-708-8084
Conference 493-631-718 #
May 26, 2021
4:30 PM and 5:30 PM**

Good afternoon/evening. My name is Kurt Lewandowski and I am an Assistant Deputy Rate Counsel representing the New Jersey Division of Rate Counsel. Our office was created by the New Jersey Legislature to represent all New Jersey ratepayers in matters involving public utility rates and services.

On May 23, 2018, the Clean Energy Act of 2018 (the “CEA”), P.L. 2018, c. 17 was signed into law. The CEA required the Board of Public Utilities (“BPU” or “Board”) to establish targets for the State’s electric and gas utilities to reduce their customers’ energy usage, and required the utilities to establish energy efficiency and peak demand reduction programs to

achieve those targets. On June 10, 2020 the Board issued an Order establishing energy savings targets for the utilities and directing them to establish energy efficiency programs in accordance with detailed criteria that were set forth in the Order.

On September 25, 2020 Rockland Electric Company (“RECO” or the “Company”) filed a petition with the Board to establish new energy efficiency and peak demand reduction programs in accordance with the CEA and the Board’s June 10, 2020 Order. These programs, which would be in effect for a three-year term from July 1, 2021 through June 30, 2024, would provide monetary incentives and customer education to the Company’s customers to encourage energy efficiency and peak demand reduction. The Company subsequently updated its revenue requirement forecast. With this update, RECO proposes a total program budget of \$18,081,625 including \$2,395,441 million in expenses.

The Company has requested that it be allowed to recover the costs of the program, including a return on and return of the program investments through annual rate adjustment beginning on July 1, 2021 and continuing through approximately 2031. The Company’s proposed initial rate adjustment effective July 1, 2021 would increase rates by approximately \$1,093,796 in the first year, reflecting program costs of \$4,977,983. Further, the Company anticipates that program costs will be \$5,882,398 in the second year and \$7,221,244 in the third year. A typical residential customer using 808 kilowatt-hours monthly in the summer and 7,800 kWh on an annual basis would see a first-year annual bill increase of approximately \$6.12 or 0.48 percent.

The Petition also includes a proposal to implement a modified Conservation Incentive Program “CIP” which the company called a CIP Adjustment Mechanism (“CAM”). The proposed CAM would allow the Company to recover for revenues it loses due to reductions in energy usage resulting from the energy efficiency and peak demand reduction programs. Under the Board’s June 10, 2020 Order the Company must demonstrate that any lost revenues it seeks to recover under a CIP are attributable to its energy efficiency and peak demand reduction

program. In addition, CIP recoveries are subject to an earnings test and rate caps to assure that the Company does not earn more than its Board-authorized rate of return.

Our office is conducting a complete review of the Company's proposal based on information that is being supplied and updated by the Company. We have retained the services of expert consultants to assist us in our review. We will be carefully reviewing the documentation provided by the Company to assure that the proposed programs are reasonable and will achieve the Company's energy savings goals at a reasonable cost. Our office is working to assure that the rate increases resulting from the Company's proposal would be fair and reasonable, and on insuring that ratepayers pay the lowest rates possible consistent with receiving safe, reliable and proper service. However, it is important that you be aware that the Board of Public Utilities will make the final decisions regarding RECO's proposal and the proposed rate changes.

The purpose of this hearing is for you, the customer, to voice your opinion, relate your experiences and offer comments about this matter. It is important that you express your views so they may become part of the record on which the Board makes its decision. Rate Counsel also needs to hear your views. Your active participation is strongly encouraged to help in our evaluation of the Company's proposals.

This hearing is being transcribed and your comments will become part of the record. I would like to reiterate the importance of your participation so that Rate Counsel can have a clear record of your concerns and interests.

On behalf of Rate Counsel, thank you for attending today's hearing.