

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

**I/M/O the Verified Petition of
Rockland Electric Company for Approval of Deferred
Accounting Treatment for Storm Preparation Costs Related to
Anticipated Major Storm Events in Late 2022 and 2023; And for Other
Relief**

VERIFIED PETITION

May 5, 2023

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

I/M/O THE VERIFIED PETITION OF)	
ROCKLAND ELECTRIC COMPANY FOR)	
APPROVAL OF DEFERRED ACCOUNTING)	VERIFIED PETITION
TREATMENT FOR STORM PREPARATION)	
COSTS FOR ANTICIPATED MAJOR STORM)	
EVENTS IN LATE 2022 AND 2023;)	
AND FOR OTHER RELIEF)	

Rockland Electric Company (“Petitioner”, “RECO”, or the “Company”), a public utility corporation of the State of New Jersey, having its principal offices at One Lethbridge Place, 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. 48:2-16, N.J.S.A. 48:2-21.1, N.J.S.A. 48:2-23, and any other provision deemed applicable by the Board, for an Order authorizing RECO to defer on its books for accounting purposes the prudently incurred incremental preparation costs incurred by RECO (“costs” or “storm costs”), associated with Tropical Storm Nicole (“Nicole”), Winter Storm Elliott, Winter Storm Piper, and Winter Storm Sage, and to address in the Company’s next base rate case the rate recovery of such costs, including the time period, carrying charge and manner for recovery.

BACKGROUND

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. Petitioner provides electric service to approximately 73,000 electric customers in an area having a population in excess of

200,000 persons, which extends from eastern Bergen County at the Hudson River to western Passaic County and small communities in Sussex County, New Jersey.

Petitioner is a subsidiary of Orange and Rockland Utilities, Inc. (“O&R”).

2. Petitioner is subject to regulation by the Board for the purposes of setting its retail electric distribution rates and assuring safe, adequate and reliable electric distribution service pursuant to N.J.S.A. 48:2-1 *et seq.*

WEATHER FORECASTS

3. Storm preparation begins with weather forecasts. The meteorologists of the Company’s affiliate, Consolidated Edison Company of New York, Inc., (“Con Edison”) review both long-range and short-term weather systems to produce daily weather forecasts tailored to the O&R and RECO service territories. The forecasts rely on data from radar, satellite, and weather station sources; weather prediction models and the Company’s own internal impact model; the National Weather Services (“NWC”); the National Hurricane Center (“NHC”); and a paid weather service that provides forecast data to utilities and companies.

TROPICAL STORM NICOLE

4. Con Edison’s meteorologists began tracking the path of Nicole on Monday November 7, 2022. On Tuesday, November 8, 2022, the NHC five-day wind probability of >34kt winds (tropical storm force) peaked at 22% for JFK Airport, and 13% for Poughkeepsie, New York with expected arrival of these winds after 0700 hours on Friday November 11, 2022. Noting this, Con Edison’s meteorologists warned of increasing confidence of tropical storm force winds for the O&R and RECO service territories. On Wednesday, November 9, 2022, Nicole’s forecast track and intensity was gaining clarity,

but not yet certain. On Thursday, November 10, 2022, forecast models came into agreement and confidence was now high that Nicole would merge with an inland low-pressure system, contributing to a weaker storm as it crossed the O&R and RECO service territories. Recognizing this, Con Edison's meteorologists advised that tropical storm force winds were no longer expected across the O&R and RECO service territories. Nicole was downgraded to a Tropical Depression on the evening of Thursday November 10, 2022, over southern Georgia and to a post-tropical cyclone by Friday afternoon November 11, 2022, over West Virginia.

5. The Company's storm response to Nicole began on Friday, November 11, 2022, at 1900 hours and concluded on Saturday, November 12, at 0600 hours. The mobilization level was categorized as a Storm Category 2B – Serious, in accordance with the procedure described below. There were two “no power incidents” affecting 203 customers in the RECO service area. The total number of customers affected was 0.28% of RECO service area customers and there were zero “no power incidents” lasting over 24 hours. Tree conditions were the sole cause of the “no power incidents.” The two incidents were both from blown fuses affecting 203 customers for a total of 62,647 customer minutes.

WINTER STORM ELLIOT

6. Con Edison's meteorologists forecasted that a rapidly strengthening Winter Storm Elliot would impact the O&R and RECO service territories commencing on December 22, 2022. Moderate to heavy rain began to overspread the region on the afternoon of Thursday, December 22, 2022, and continued into the morning of Friday, December 23. This was followed by a line of strong to severe thunderstorms late on the

morning of Friday, December 23, which resulted in damaging wind reports across the O&R and RECO service territories. In total, 1-3” of rain fell across the service territories. In addition, a prolonged period of widespread strong gusty winds impacted the area from late Thursday evening into Friday evening, with occasional gusts of 40-55 mph. This system exited the area on the evening of Friday, December 23, which was later followed by near record cold temperatures into Saturday, December 24.

7. The Company’s storm response to Winter Storm Elliot began on Thursday, December 22, 2022, at 1900 hours, and concluded on Saturday, December 24, 2022, at 0600 hours. The mobilization level was categorized as a Serious 2C, in accordance with the procedure described below. There were 21 “no power incidents” affecting 1,670 customers in the RECO service territory. The total number of customers affected was 2.27% of RECO service area customers and there were zero “no power incidents” lasting over 24 hours. Fourteen tree conditions affected 1,275 customers and accounted for a total of 111,687 customer minutes. Equipment failures affected 292 customers and accounted for 11,548 customer minutes.

WINTER STORM PIPER

8. Snow associated with Winter Storm Piper fell across the RECO service territory from approximately 2100 hours on Monday, February 27, 2023, through 0800 hours on Tuesday, February 28. Temperatures hovered around freezing for the entirety of the event, resulting in heavy wet snow. Con Edison’s meteorologists forecast a significant impact to the O&R and RECO service territories because of the likelihood that heavy wet snow would cause widespread downed trees and limbs. Snowfall totals from this winter storm ranged from four to eight inches in the RECO service territory. However, strong

winds, gusting to 35 mph, displaced some of the snow during the event, preventing it from piling up and weighing down tree limbs. As a result, Winter Storm's Piper's impact was more isolated rather than widespread.

9. The Company's storm response to Winter Storm Piper began on Monday, February 27, 2023, at 1900 hours and concluded on Tuesday, February 28, at 0700 hours. The mobilization level was categorized as a Serious 2B, in accordance with the procedure described below. There were three "no power incidents" affecting 646 customers in the RECO service territory. The total number of customers affected was 0.87% of RECO service area customers and there were zero "no power incidents" lasting over 24 hours. All three outages were tree conditions with the largest affecting 603 customers and accounted for 9,778 customer minutes.

WINTER STORM SAGE

10. Con Edison's meteorologists forecasted that Winter Storm Sage would bring significant winter weather impacts to the O&R and RECO service territories starting on March 13, 2023. Heavy wet snow totals of over six inches combined with strong gusty winds after the wet snow had fallen was forecast to result in significant power outages across the O&R and RECO service territories. Light rain showers began on the afternoon of Monday, March 13, 2023, and turned steady after sunset. Con Edison's meteorologists forecast a changeover from rain to heavy wet snow at approximately 2000 hours on Monday evening, March 13, 2023. Due to a delay in the retreat of warm air, this changeover occurred later than expected, taking place closer to 0200 hours on Tuesday morning, March 14. Snow then continued to fall through the rest of Tuesday, March 14. Due to the later than forecast changeover from rain to snow, the storm only produced four

to six inches of snow across about half of the RECO service territory, leading to a confined impact. The combination of lower snowfall totals and smaller coverage area resulted in a less impactful event than forecasted.

11. The Company's storm response to Winter Storm Sage began on Monday, March 14, 2023, at 1900 hours and concluded on Wednesday, March 15, at 1530 hours. The mobilization level was categorized as a Full Scale 4A, in accordance with the procedure described below. There were 14 "no power incidents" affecting 252 customers in the RECO service territory. The total number of customers affected was 0.34% of RECO service area customers and there were zero "no power incidents" lasting over 24 hours. Ten tree conditions affected 243 customers and account for a total of 27,139 customer minutes. Tree contact was the primary cause for outages during this event.

EVENT CLASSIFICATION

12. In accordance with Section 3 of the Company's Emergency Response Plan ("ERP") (which the Company has provided to the Board), the Company commences pre-event preparations at the first indication of a potential impact to the O&R and RECO service territories. The Company further evaluates event classification (*e.g.*, Upgraded, Serious) in accordance with Section 3 of the ERP and the Storm Classification and Staffing Matrix, Attachment 4 of the ERP. The Company uses this matrix for both pre-mobilization and recovery efforts. The matrix relates forecasted weather conditions with other parameters such as:

- Projected outage jobs;
- Number of customers projected out of service;
- Proposed restoration range; and

- Other variables such as wind, foliage condition, or ground saturation.

13. The Company uses its weather and impact forecasts as an input in its decision making for a storm. Among other things, the Company uses them to initiate planning, assign a category to the storm, mobilize Company and external resources to a range of pre-determined minimum staffing levels and as a trigger to initiate certain communications with customers, government officials, the media, and emergency response personnel.

14. The Company makes its final staffing decisions based on the weather and impact forecasts and other factors. The most important factor is the Company's goal to restore customers expeditiously following storms in order to meet increasing customer expectations for shorter outage periods.

15. In preparing for the four storms discussed above, the Company was guided by Board Staff's criticism that during Tropical Storm Isaias, the Company's "daily restoration progress and outage reduction was out of sync with New Jersey's other EDCs [electric distribution companies] resulting in a noticeably slower pace of restoration."¹ In the Isaias Report (p. 12), Board Staff also concluded the following regarding the Company's performance:

Given the forecast from both the utilities and the NWS, it appears the **pre-storm measures implemented by the EDCs** were consistent with one another, with the exception of RECO, and appropriate for the type of forecast being predicted. RECO was not proactive in acquiring pre-storm mutual assistance prior to the arrival of the storm on August 4, 2020. ORU, who operates RECO as a contiguous system serving approximately 300,000 customers combined, waited until August 4, 2020 to acquire tree trimming mutual assistance resources. **Given the likelihood that Isaias would cause significant tree-related damage to the ORU and RECO service territory, ORU should have been more proactive in**

¹ *Review and Assessment of Electric Utility Performance August 4, 2020 Tropical Storm Isaias Weather Event*, Prepared by Board Staff Division of Reliability and Security, dated November 18, 2020 (p. 31) ("Isaias Report").

obtaining mutual assistance earlier in the pre-storm preparation. (emphasis added)

As Board Staff also noted in the Isaias Report (p. 3):

While all utility ratepayer costs are scrutinized routinely, the Board has made it clear that **legitimate expenditures for weather preparedness and response, including mutual assistance efforts, are acceptable expenditures. We need the EDCs to lean forward on acquisition of resources in response to these disasters...** (emphasis added).

Further, Staff's emphasis on storm preparedness is consistent with the Board's rules relating to interruptions of service that provide "Each utility shall exercise reasonable diligence to avoid interruptions, curtailments or deficiencies (hereafter referred to as 'interruptions' of service and, when such interruptions occur, service shall be restored as promptly as possible consistent with safe practices." N.J.A.C. 14:3-3.7(a) and (b) (noting that the rule applies specifically to weather conditions).

MOBILIZATION ACTIVITIES

16. In the days leading up to each of the four storms described above, the Company began preparatory communication and mobilization measures for the storm in accordance with Section 3 of the ERP. As the storms approached the O&R and RECO service territories, the Company advised customers to brace for possible outages as the Company mobilized crews, contractors, and storm emergency staff.

17. In advance of each of the four storms described above, the Company initiated calls to begin planning for the arrival of impactful weather. The Company mobilized its Incident Command System ("ICS") Organization, along with key storm response and restoration teams. The ICS Organization remained mobilized through the end of the restoration period. Once the ICS was activated, the Company transitioned to storm mode

with non-essential operational day-to-day activities suspended in lieu of storm response activities.

18. With each storm approaching the O&R and RECO service territories, the Company began the process to secure mutual aid resources. The Company requested assistance from various contractors with which it has arrangements. These included “blue sky” contractors, *i.e.*, contractors who regularly work on site regardless of the weather, along with contractors covered by our emergency contracts. The table below sets forth the resources (*i.e.*, full-time equivalents (“FTEs”)) that the Company requested and was able to secure in preparation for the arrival of each storm.

O&R Mutual Assistance Summary – Line, Tree, Service Restoration and Site Safety

DATE SECURED	REQUESTED ARRIVAL DATE	FTEs Secured	VENDOR	TYPE	Release
Tropical Storm Nicole					
11/8/2022	11/11/2022	250	Michael Gray	Line	11/12/2022 - 0600
11/8/2022	11/11/2022	30	Fran Corp DBA All Bright Electric	Service	Cancelled 11/10/2022
11/8/2022	11/11/2022	50	Tempest	Line	Cancelled 11/9/2022
11/8/2022	11/11/2022	27	Patriot (Valiant)	Tree	Cancelled 11/9/2022
11/8/2022	11/11/2022	53	Asplundh Tree	Tree	Cancelled 11/9/2022
Winter Storm Elliot					
12/19/2022	12/22/2022	130	Sparks (Retainer)	Line	Cancelled by Sparks
12/20/2022	12/22/2022	6	Verde Electric	Line	Never showed up
12/19/2022	12/22/2022	30	Fran Corp DBA All Bright Electric	Service	12/23/2022 - 1600
12/20/2022	12/23/2022	12	Utility Power	Line	12/23/2022 - 1500
12/20/2022	12/22/2022	43	Haugland (Non-Retainer)	Line	12/23/2022 - 0600
12/20/2022	12/22/2022	7	Compass Creek	Line	12/23/2022 - 1500
12/21/2022	12/23/2022	8	Southern Power & Light	Line	12/23/2022 - 1500
Winter Storm Piper					

2/24/2023	2/27/2023	130	Sparks	Line	2/28/2023 - 0600
Winter Storm Sage					
3/10/2023	3/13/2023	130	Sparks (Retainer)	Line	3/15/2023 - 0700
3/11/2023	3/13/2023	154	Sparks (Non-Retainer)	Line	3/14/2023 - 1800
3/11/2023	3/13/2023	20	Haugland	Line	3/15/2023 - 1320
3/11/2023	3/13/2023	26	Tempest	Line	3/14/2023 - 0800
3/12/2023	3/13/2023	91	Michael Gray dba Grays Power Supply LLC	Line	3/14/2023 - 0800
3/12/2023	3/13/2023	85	Bird- Fly-in (Non-Retainer)	Line	3/14/2023 - 0800
3/12/2023	3/13/2023	30	Fran Corp DBA All Bright Electric	Service	3/14/2023 - 0730
3/12/2023	3/13/2023	30	Welsbach Electric	Service	3/14/2023 - 0730
3/13/2023	3/13/2023	50	JAFLO	Trees	3/14/2023 - 0800
3/13/2023	3/14/2023	37	Sparks Tree	Trees	3/14/2023 - 1015

O&R “Blue Sky” Contractor Summary Tropical Storm Nicole		
<u>FTE</u>	<u>Vendor</u>	<u>Type</u>
11	Hawkeye	Line
19	Northline	Line
11	Clearway	Tree
41	Nelson	Tree
17	JAFLO	Tree
Winter Storm Elliot		
<u>FTE</u>	<u>Vendor</u>	<u>Type</u>
2	Hydrovac	Line Support
11	Hawkeye	Line
18	Northline	Line
11	Clearway	Tree
47	Nelson	Tree
17	JAFLO	Tree
Winter Storm Piper		
<u>FTE</u>	<u>Vendor</u>	<u>Type</u>
12	Hawkeye	Line
17	Northline	Line
9	Clearway	Tree
58	Nelson	Tree
26	JAFLO	Tree
Winter Storm Sage		

<u>FTE</u>	<u>Vendor</u>	<u>Type</u>
10	Hawkeye	Line
18	Northline	Line
9	Clearway	Tree
53	Nelson	Tree
26	JAFLO	Tree

19. Prior to each of the four storms described above, the Company informed the Board’s Division of Reliability and Security of the Company’s mobilization plans, the classification of the storm, and the status of the Company’s requested mutual assistance resources.

STORM PREPARATION COSTS

20. As set forth in Exhibit A to this Petition, the Company incurred unreimbursed, uninsured and incremental storm preparation operation and maintenance (“O&M”) costs as a result of preparation for and response to the four storms described above. Exhibit A provides the total Company labor (both management and union), total accounts payable (*e.g.*, contractor and mutual aid expenses) and other expenses (*e.g.*, lodging, meals and incidental expenses) incurred. As the Company received and processed invoices, the Company reviewed the expenses incurred and when appropriate or identifiable, direct bills were charged to RECO. The Company’s review and approval process continues. The Company will update and revise the costs included in Exhibit A as appropriate.

21. Given the minimal number of customer outages associated with these events, if the type of expense incurred benefited both the O&R and RECO service territories, allocation of the expenses was based on the EO split used to split electric costs between

O&R and RECO, which is updated on an annual basis. The E0 split was 78.22% O&R, and 21.78% RECO in 2022 and is currently 74.70% O&R, and 25.30% RECO for 2023.

COST RECOVERY FROM INSURANCE, GOVERNMENTAL PROGRAMS OR THIRD PARTIES

22. The Company does not have any insurance available that would offset the costs it incurred related to storm response as described above.

23. The Company's corporate insurance program is managed by the corporate insurance department of RECO's corporate affiliate, Con Edison. The corporate insurance program has historically covered all Company structural facilities, power plants, office buildings, substations, large transformers and warehouses. The corporate insurance program does not cover the sort of preparation costs that the Company incurs in anticipation of impact from inclement weather.

24. RECO is not eligible for reimbursement from the Federal Emergency Management Agency or other federal agency for any of the preparation costs that the Company incurred in anticipation of the four storms described above.

REQUEST FOR RELIEF: DEFERRAL FOR ACCOUNTING PURPOSES

25. The Company's financial statements reflect the application of accounting policies which conform to generally accepted accounting principles ("GAAP"). The Company's critical accounting policies include industry-specific accounting applicable to regulated public utilities. By this Petition, the Company is seeking authority to defer on its books for accounting purposes the actual incremental, prudently incurred, unreimbursed preparation and restoration costs incurred by the Company relating to these storms within the guidelines established by GAAP. The Company does not seek any

determinations as to rate recovery at this time; that will be addressed in a future base rate case.

26. The Board’s Decision and Order Adopting Initial Decision and Stipulation of Settlement dated December 15, 2021 (“2021 Rate Order”), in the Company’s last electric base rate case (*i.e.*, Docket No. ER21050823), provides that the Company’s storm costs for an individual storm shall automatically qualify for deferred accounting if RECO incurs incremental costs of \$300,000 and the storm caused 10% or more of the customers located in either (i) RECO’s Bergen County service territory or (ii) RECO’s combined Passaic County and Sussex County service territories to be without electric service. The 2021 Rate Order also expressly authorizes RECO to petition the Board for approval of deferred accounting treatment for storm costs related to individual storms that are not subject to deferred accounting under the foregoing sentence. (2021 Rate Order, p. 6, approving Stipulation paragraph 18).

27. Although as set forth in Exhibit A and shown in the table below, in preparing for each of these storms, the Company incurred incremental costs in excess of \$300,000, none of the four storms caused 10% or more of the customers located in either (i) RECO’s Bergen County service territory or (ii) RECO’s combined Passaic County and Sussex County service territories, to be without electric service. Therefore, the costs of the storm incurred by the Company are not subject to automatic deferral under the 2021 Rate Order, but the Company is authorized in the 2021 Rate Order to seek deferral via a separate petition to the Board.

STORM PREPARATION COSTS FOR DEFERRAL	
Storm	Expenses
TS Nicole	\$ 844,524.46
WS Elliot	\$ 613,237.98

WS Piper	\$ 426,284.53
WS Sage	\$ 3,231,879.78
Total	\$ 5,115,926.75

28. Deferral accounting treatment is appropriate because the costs: reflect actual incremental costs, were incurred for an out-of-the-ordinary occurrence, were incurred consistent with Board Staff's guidance on storm preparation (and would have been automatically deferred but for the lack of electric service outages) and have a significant financial impact on the Company. Although the costs were prudently incurred as set forth in this Petition, the purpose of this Petition is to request deferred accounting treatment, so that the parties can address all issues associated with rate recovery in the Company's next base rate case.

FUTURE RATEMAKING TREATMENT

29. The Company now seeks authority to defer on its books all of the storm costs described in this Petition and attachments, and in the Company's next base rate case, to seek recovery of them through prospective adjustments to rates charged to ratepayers. The Company currently is operating under electric distribution base rates approved by the Board in the 2021 Rate Order. As discussed above, the Company's storm preparation costs associated with the four storms discussed above do not qualify for automatic deferred accounting treatment. By this Petition, the Company seeks the Board's authorization to defer the Company's storm preparation costs associated with the four storms included in this Petition. As noted in Exhibit A, the Company's current estimate of total incremental O&M storm related costs incurred is approximately \$5.1 million. The Company will update this estimate as any remaining invoices are received and verified.

TAX TREATMENT

30. For State and Federal income tax purposes, storm related costs are deducted as incurred. To the extent any regulatory asset is created by the deferral of these costs, a corresponding deferred tax liability is established in accordance with Financial Accounting Standards Board, Accounting Standards Codification, Topic 740 – *Income Taxes* (ASC 740).

TESTIMONY

31. The Company is presenting the testimony of the Storm Costs Panel in support of this Petition.

ATTACHMENTS

32. Attached hereto and made a part of this Verified Petition is the following attachment:

Exhibit A – Summary of O&M and Capital Costs Incurred During the Major Storm Events

Exhibit B - Testimony of the Storm Costs Panel

PUBLIC NOTICE AND SERVICE

33. In addition to filing this Verified Petition with the Board, copies of this Verified Petition will be duly served in accordance with Board requirements upon the Director, Division of Rate Counsel and upon the Department of Law and Public Safety. A copy of this Verified Petition also will be posted on the Company's website.

34. Inasmuch as the Company is not seeking any rate increase at this time in connection with this Petition, RECO does not believe that any Public Notices need be published or served pursuant to N.J.A.C. 14:1-5.12(b)1 and 3, (c) and (d), nor is there any requirement for public hearings in the Company's service area. Should the Attorney General's office advise otherwise, the Company will endeavor to make arrangements for the required notice and public hearing(s).

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

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CONCLUSION AND REQUESTS FOR APPROVAL

36. 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 Verified Petition, including but not limited to specifically finding that:

1. RECO is authorized to defer on its books, for accounting purposes, the actual prudently incurred, unreimbursed incremental preparation costs incurred by RECO associated with the four storms described and quantified in this Petition and attachments hereto, and address rate recovery of them from the Company's customers in rates, including the time period, carrying charges and manner of recovery, in the Company's next base rate case; and

2. Authorizing such other or further relief as may be necessary and proper.

Respectfully submitted,

ROCKLAND ELECTRIC COMPANY

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and

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Attorneys for Rockland Electric
Company

Dated: May 5, 2023

VERIFICATION

STATE OF NEW YORK)
) ss.:
COUNTY OF ROCKLAND)

ANN CEDRONE, being duly sworn, according to law, upon her oath deposes and says:

1. I am the Treasurer of Rockland Electric Company, the Petitioner in the annexed Petition, and in that capacity, I make the within Verification.

2. I have read the attached Petition, and the matters and things contained herein are true to the best of my knowledge, information and belief.


Ann Cedrone

Sworn to and subscribed
before me this 5th day
of May, 2023.



Notary Public

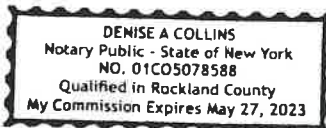


EXHIBIT A

**ROCKLAND ELECTRIC COMPANY
SUMMARY OF TROPICAL STORM NICOLE MOBILIZATION
11/11/2022**

Line Contractors

Elecnor Hawkeye LLC	\$ 29,752.80
Northline Utilities LLC	\$ 15,293.33
Michael Gray DBA Grays Power Supply LLC	\$ 711,294.81
Tempest Energy	\$ -
Total Line Contractors	\$ 756,340.94

Tree Contractors

Nelson Tree Service LLC	\$ 27,080.20
Total Tree Contractors	\$ 27,080.20

Other Contractors

E-J Electric (Clives Crews)	\$ 7,385.77
All Bright Electric (A Division of Fran Corp)	\$ 8,009.83
Site Safety Contractors - Industrial Staffing Local 17	\$ -
Site Safety Contractors - Industrial Staffing Local 754	\$ -
Environmental Spill Contractors	\$ -
Onesource Restoration LLC	\$ 15,399.70
Total Other Contractors	\$ 30,795.30

Labor

Management Overtime	\$ 7,389.17
Direct Weekly Overtime	\$ 13,781.27
Total Tree Contractors	\$ 21,170.44

Other

Meals for Company Locations	\$ 2,928.30
Hotel Costs for Mutual Assistance	\$ 4,704.21
Guard Service	\$ 490.82
Mileage/Tolls	\$ -
Employee Meals	\$ -
P-Card Purchases	\$ 204.57
All Other	\$ 809.68
Total Other	\$ 9,137.58

TOTAL	\$ 844,526.46
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ROCKLAND ELECTRIC COMPANY
SUMMARY OF WINTER STORM ELLIOT MOBILIZATION
12/23/22

Line Contractors

Elecnor Hawkeye LLC	\$ 56,647.68
Northline Utilities LLC	\$ 12,747.97
Hydrovac Excavating Inc	\$ 2,078.98
Compass Creek Consulting Inc	\$ 21,106.47
Total Line Contractors	\$ 92,581.10

Tree Contractors

Nelson Tree	\$ 28,371.42
JAFLO INC	\$ -
CN UTILITY CONSULTING INC	\$ -
Total Tree Contractors	\$ 28,371.42

Other Contractors

Osmose	\$ -
Fran Corp DBA All Bright Electric	\$ 74,402.75
E-J Electric T&D LLC	\$ 29,050.12
E-J Electric (Bird Dogs)	\$ -
UtilityPower LLC	\$ 45,501.07
Haugland Energy Group LLC	\$ 224,925.89
Southern Power & Lighting LLC	\$ 10,929.68
Total Other Contractors	\$ 384,809.51

Labor

Management Overtime	\$ 11,530.28
Direct Weekly Overtime	\$ 69,389.05
Total Tree Contractors	\$ 80,919.33

Other

Meals for Company Locations	\$ 9,320.42
Hotel Costs for Mutual Assistance	\$ 15,482.03
Guard Service	\$ 1,040.05
Mileage/Tolls	\$ -
Employee Meals	\$ -
P-Card Purchases	\$ 181.85
Supplies	\$ -
All Other	\$ 532.27
Total Other	\$ 26,556.62

TOTAL	\$ 613,237.98
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ROCKLAND ELECTRIC COMPANY
SUMMARY OF WINTER STORM PIPER MOBILIZATION
02/27/2023

Line Contractors

Elecnor Hawkeye LLC	\$ 29,145.60
Northline Utilities LLC	\$ 41,289.60
Greys Line Contractor	\$ -
Tempest Energy	\$ -
Sparks	\$ 336,692.07
Total Line Contractors	\$ 407,127.27

Other Contractors

Fran Corp DBA All Bright Electric	\$ 1,587.07
ONESOURCE RESTORATION LLC	\$ -
Total Other Contractors	\$ 1,587.07

Labor

Management Overtime	\$ 2,354.70
Direct Weekly Overtime	\$ 1,171.59
Total Tree Contractors	\$ 3,526.29

Other

Meals for Company Locations	\$ 5,322.43
Hotel Costs for Mutual Assistance	\$ 6,473.68
Guard Service	\$ -
Mileage/Tolls	\$ -
Employee Meals	\$ -
P-Card Purchases	\$ -
Employee Lodging	\$ -
Snow Removal	\$ -
All Other	\$ 2,247.79
Total Other	\$ 14,043.90
TOTAL	\$ 426,284.53

ROCKLAND ELECTRIC COMPANY
SUMMARY OF WINTER STORM SAGE MOBILIZATION
03/13/2023

Line Contractors

Elecnor Hawkeye LLC	\$ 47,361.60
Northline Utilities LLC	\$ 65,577.60
Greys Line Contractor	\$ -
Tempest Energy	\$ -
Haugland	\$ 106,867.20
Michael Grays	\$ 331,531.20
Sparks	\$ 2,001,484.60
Total Line Contractors	\$ 2,552,822.20

Tree Contractors

Nelson Tree Service LLC	\$ 5,696.78
JAFLO	\$ -
Clearway Industries LLC	\$ 7,322.56
CN Utility Consulting INC	\$ -
Total Tree Contractors	\$ 13,019.34

Other Contractors

Fran Corp DBA All Bright Electric	\$ 71,718.01
Tempest	\$ 63,148.80
E-J Electric - Bird Dogs	\$ 186,258.60
Hydrovac Excavating Inc	\$ 10,120.00
Welsbach	\$ 36,628.93
Disaster Recovery	\$ 24,648.75
One Source	\$ 45,750.00
Gianfia	\$ 11,942.23
Osmose	\$ 4,097.54
Clean Harbors Environmental Services INC	\$ -
Allstate Power VAC INC DBA ACV Enviro APV	\$ -
Total Other Contractors	\$ 454,312.86

Labor

Management Overtime	\$ 10,964.96
Direct Weekly Overtime	\$ 55,456.16
Total Tree Contractors	\$ 66,421.12

Other

Meals for Company Locations	\$ 33,511.24
Hotel Costs for Mutual Assistance	\$ 64,506.35
Guard Service	\$ 3,316.10
Mileage/Tolls	\$ -
Employee Meals	\$ 21.12
P-Card Purchases	\$ -
Employee Lodging	\$ -
Snow Removal	\$ -

A/O Contractors	\$ 36,598.80
A/O Equipment	\$ 7,280.65
All Other	\$ 70.00
Total Other	\$ 145,304.26
TOTAL	\$ 3,231,879.78

Exhibit B
ROCKLAND ELECTRIC COMPANY
DIRECT TESTIMONY OF
STORM COSTS PANEL

INTRODUCTION

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Q. Would the members of the Storm Costs Panel (“Panel”) please state your names and business addresses?

A. Meredith Snider, 390 West Route 59, Spring Valley, New York, 10977.
Ann Cedrone, One Blue Hill Plaza, Pearl River, New York 10965.

Q. By whom and in what capacity are you employed?

A. (Snider) I am employed by Orange and Rockland Utilities, Inc. (“Orange and Rockland” or “O&R”), the parent company of Rockland Electric Company (“RECO” or the “Company”), where I hold the position General Manager of Electric Operations.

(Cedrone) I am employed by Orange and Rockland, where I hold the position of Director – Financial Planning and Analysis (“FP&A”).

Q. Please briefly outline your educational and business experience.

A. (Snider) I earned a Bachelor of Science degree in Ceramic & Materials Engineering in 2002 from Clemson University and Master of Science in Organizational Leadership in 2008 from Mercy College. I was previously employed by Consolidated Edison Company of New York, Inc. (“Con Edison”) for 18 years. I held a variety of management and leadership positions throughout Con Edison during that time including Section Manager of the Equipment Group, Unit Substations, and Overhead Operations and Department Manager of the Bronx/Westchester Regional Control Center. I have been in my current

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1 position at Orange and Rockland since November 2021.

2 (Cedrone) I graduated from Stevens Institute of Technology in 2001 with a Bachelor of
3 Engineering degree in Chemical Engineering. I obtained my Master of Business
4 Administration in 2013 from New York University's Stern School of Business, with
5 concentrations in Business Analytics and Quantitative Finance. After seven years in the
6 refining industry, I joined Con Edison in 2008 as a Senior Planning Analyst in the Steam
7 Long Range Planning group. I was promoted to Section Manager of that group in 2014
8 and assumed my current role as Director of O&R FP&A on June 1, 2019.

9 Q. Please describe your current responsibilities.

10 A. (Snider) I am responsible for the safe and reliable operation, maintenance and construction
11 of the Company's electric transmission and distribution systems.

12 (Cedrone) I am responsible for coordinating the financial, budget, and regulatory activities
13 for senior management of Orange and Rockland.

14 Q. Have you previously submitted testimony before the Board of Public Utilities ("Board")?

15 A. (Snider) No.

16 (Cedrone) Yes. I submitted pre-filed testimony as part of the Accounting Panel in RECO's
17 most recent base distribution case (BPU Docket No. ER21050823). I also submitted
18 testimony as part of the Storm Cost Panel in the Company's Petition for Approval of

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1 Deferred Accounting Treatment for Storm Preparation Costs Related to Tropical Storm
2 Henri (BPU Docket No. ER 21091143).

SUMMARY OF TESTIMONY

4 Q. What is the purpose of the Panel’s direct testimony?

5 A. Our testimony supports the Company’s Petition to the Board for an Order authorizing
6 RECO to defer the incremental preparation costs incurred by RECO (“costs” or “storm
7 costs”), associated with Tropical Storm Nicole (“Nicole”), as well as Winter Storms Elliot
8 (“Elliot”), Piper (“Piper”), and Sage (“Sage”), collectively referred to as the “Storms.”
9 More specifically, the Panel’s testimony addresses the progress of and the Company’s
10 preparation for the Storms.

SERVICE TERRITORY

12 Q. Please describe the Company’s service territory.

13 A. The Company provides electric service to approximately 73,000 electric customers in an
14 area having a population in excess of 200,000 persons, which extends from eastern Bergen
15 County at the Hudson River to western Passaic County and small communities in Sussex
16 County, New Jersey. Petitioner’s customer base includes approximately 63,000
17 residential customers.

18

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TROPICAL STORM NICOLE

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Q. Please discuss the progress of Nicole and how the Company tracked it.

A. Con Edison’s meteorologists began tracking the path of Nicole on Monday November 7, 2022. On Tuesday, November 8, 2022, the National Hurricane Center (“NHC”) five-day wind probability of >34kt winds (tropical storm force) peaked at 22% for JFK Airport, and 13% for Poughkeepsie, New York with expected arrival of these winds after 0700 on Friday November 11, 2022. Noting this, Con Edison’s meteorologists warned of increasing confidence of tropical storm force winds for the O&R and RECO service territories. On Wednesday, November 9, 2022, Nicole’s forecast track and intensity was gaining clarity, but not yet certain. On Thursday, November 10, 2022, forecast models came into agreement and confidence was now high that Nicole would merge with an inland low-pressure system, contributing to a weaker storm as it crossed the O&R and RECO service territories. Recognizing this, Con Edison’s meteorologists advised that tropical storm force winds were no longer expected across the O&R and RECO service territories. Nicole was downgraded to a Tropical Depression on the evening of Thursday, November 10, 2022, over southern Georgia and to a post-tropical cyclone by Friday afternoon, November 11, 2022, over West Virginia.

Q. How did the Company classify Nicole?

A. The Company classified Nicole in accordance with the provisions of the Company’s Emergency Response Plan (“ERP”), specifically Section 3 of the ERP and the Storm Classification and Staffing Matrix, included as Attachment 4 of the ERP. The Company uses its weather and impact forecasts as an input in its decision making for a storm.

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1 Among other things, the Company uses them to initiate planning, assign a category to the
2 storm, mobilize Company and external resources to a range of pre-determined minimum
3 staffing levels and as a trigger to initiate certain communications with customers,
4 government officials, the media, and emergency response personnel. The Company
5 makes its final staffing decisions based on the weather and impact forecasts and other
6 factors. The most important factor is the Company’s goal to restore customers
7 expeditiously following storms in order to meet increasing customer expectations for
8 shorter outage periods.

9 Q. How did the Company ultimately classify Nicole?

10 A. Based upon the weather forecasts, the Company projected an upper end possible impact of
11 2000 outages jobs (*i.e.*, approximately 100,000 customers without electric service) in the
12 O&R and RECO service territories. Based on this forecast the Company pre-classified
13 Nicole as a Storm Category 2B – Serious event effective Friday November 11, 2022, at
14 1900 hours.

15 Q. Was the Company’s classification of Nicole and preparation effort influenced by its
16 experience prior to and during Tropical Storm Isaias (“Isaias”)?

17 A. Yes, most definitely. In preparing for Nicole and the three other Storms, the Company
18 was guided by Board Staff’s review of the Company’s performance prior to and during
19 Isaias. In Board Staff’s Isaias Report,¹ Board Staff concluded that the Company’s “daily
20 restoration progress and outage reduction was out of sync with New Jersey’s other EDCs

¹ *Review and Assessment of Electric Utility Performance August 4, 2020 Tropical Storm Isaias Weather Event*,
Prepared by Board Staff Division of Reliability and Security, dated November 18, 2020 (p. 31) (“Isaias Report”).

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1 [electric distribution companies] resulting in a noticeably slower pace of restoration.”

2 Moreover, the Isaias Report (p. 12) stated that “Given the likelihood that Isaias would

3 cause significant tree-related damage to the ORU and RECO service territory, ORU

4 should have been more proactive in obtaining mutual assistance earlier in the pre-storm

5 preparation.” In light of Staff’s guidance, and as discussed below, the Company was more

6 aggressively proactive in preparing for Nicole and the other three Storms than it was prior

7 to the arrival of Isaias.

8 Q. Please describe the Company’s mobilization activities prior to the arrival of Nicole.

9 A. On November 7, the Company initiated calls to begin planning for the arrival of

10 Nicole. On November 11, at 1900 hours, the Company mobilized its Incident Command

11 System (“ICS”) Organization, along with key storm response and restoration teams. The

12 ICS Organization remained mobilized through the end of the restoration period, *i.e.*,

13 November 12 at 1900 hours. Once activated, the Company transitioned to storm mode

14 with non-essential operational day-to-day activities suspended in lieu of storm response

15 activities.

16 Q. Did the Company seek mutual assistance prior to the arrival of Nicole?

17 A. Yes. The Regional Mutual Assistance Group covering the Northeast portion of the United

18 States is referred to as the North Atlantic Mutual Assistance Group (“NAMAG”) to which

19 Con Edison and O&R are a member. Once the Company determines that external

20 resources are needed, it seeks assistance through the NAMAG mutual assistance process.

21 With Nicole approaching the O&R and RECO service territories, the Company began the

22 process to secure mutual aid, through our existing retainer contracts and/or the NAMAG

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1 mutual aid process, on November 8, 2022. The Company requested assistance from
2 various contractors with which it has arrangements. These included “blue sky”
3 contractors, *i.e.*, contractors who were on site prior to the arrival of Nicole, along with
4 contractors covered by our emergency contracts. As noted in the Petition, the Company
5 was able to secure 380 full-time equivalents (“FTEs”) for the O&R and RECO service
6 territories.

7 Q. Was the Company in contact with Board Staff prior to the arrival of Nicole?

8 A. Yes. Prior to Friday November 11, 2022, the Company informed the Board’s Division of
9 Reliability and Security of the Company’s mobilization plans, the classification of Nicole
10 as a Storm Category 2B – Serious Event, and that the Company had requested additional
11 mutual assistance resources. On the morning of the event (November 11), the Company
12 contacted and advised the Board’s Division of Reliability and Security regarding the
13 Company’s storm preparation efforts.

WINTER STORM ELLIOT

16 Q. Please discuss the progress of Elliot and how the Company tracked it.

17 A. Con Edison’s meteorologists forecasted that a rapidly strengthening winter storm would
18 impact the O&R and RECO service territories commencing on December 22, 2022.

19 Moderate to heavy rain began to overspread the region on the afternoon of Thursday,
20 December 22, 2022, and continued into the morning of Friday, December 23. This was
21 followed by a line of strong to severe thunderstorms late on the morning of Friday,
22 December 23, which resulted in damaging wind reports across the O&R and RECO

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1 service territories. In total, one to three inches of rain fell across the service territories. In
2 addition, a prolonged period of widespread strong gusty winds impacted the area from late
3 Thursday evening into Friday evening, with occasional gusts of 40-55 mph. This system
4 exited the area on the evening of Friday, December 23, which was later followed by near
5 record cold temperatures into Saturday, December 24.

6 Q. How did the Company classify Elliot?

7 A. As with Nicole, the Company classified Elliot in accordance with Section 3 of the ERP
8 and the Storm Classification and Staffing Matrix, included as Attachment 4 of the ERP.

9 Q. How did the Company ultimately classify Elliot?

10 A. Based upon the weather forecasts, the Company projected an upper end possible impact of
11 300 outages jobs (*i.e.*, approximately 33,000 customers without electric service) in the
12 O&R and RECO service territories. Based on this forecast the Company pre-classified
13 Elliot as a Storm Category 2C – Serious event effective Thursday December 22, 2022, at
14 1900 hours.

15 Q. Was the Company’s classification of Elliot and preparation effort influenced by its
16 experience prior to and during Isaias?

17 A. Yes. As discussed above, in preparing for Elliot and the other storms, the Company was
18 guided by Board Staff’s review of the Company’s performance prior to and during Isaias.

19 Q. Please describe the Company’s mobilization activities prior to the arrival of Elliot.

20 A. On December 20, the Company initiated calls to begin planning for the arrival of
21 Elliot. On December 22, at 1900 hours, the Company mobilized its ICS Organization,
22 along with key storm response and restoration teams. The ICS Organization remained

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1 mobilized through the end of the restoration period, *i.e.*, December 24 at 0600
2 hours. Once activated, the Company transitioned to storm mode with non-essential
3 operational day-to-day activities suspended in lieu of storm response activities.

4 Q. Did the Company seek mutual assistance prior to the arrival of Elliot?

5 A. Yes. With Elliot approaching the O&R and RECO service territories, the Company
6 began the process to secure mutual aid, through our existing retainer contract and/or the
7 NAMAG mutual assistance process, on December 19, 2022. The Company requested
8 assistance from various contractors with which it has arrangements. These included “blue
9 sky” contractors, along with contractors covered by our emergency contracts. As noted in
10 the Petition, the Company was able to secure 100 FTEs for the O&R and RECO service
11 territories.

12 Q. Was the Company in contact with Board Staff prior to the arrival of Elliot?

13 A. Yes. Prior to Thursday December 22, 2022, the Company informed the Board’s Division
14 of Reliability and Security of the Company’s mobilization plans, the classification of
15 Elliot as a Storm Category 2C – Serious Event, and that the Company had requested
16 additional mutual assistance resources. On the morning of the event (December 22), the
17 Company contacted and advised the Board’s Division of Reliability and Security
18 regarding the Company’s storm preparation efforts.

WINTER STORM PIPER

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21 Q. Please discuss the progress of Piper and how the Company tracked it.

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1 A. Con Edison’s meteorologists forecasted a significant impact to the O&R and RECO
2 service territories because of the likelihood that heavy wet snow would cause widespread
3 downed trees and limbs. Snowfall totals from this winter storm ranged from four to eight
4 inches in the RECO service territory. However, due to strong winds, gusting to 35 mph,
5 displaced some of the snow during the event, preventing it from piling up and weighing
6 down tree limbs. As a result, this winter storm’s impact was more isolated rather than
7 widespread.

8 Q. How did the Company classify Piper?

9 A. The Company classified Piper in accordance with Section 3 of the ERP and the Storm
10 Classification and Staffing Matrix, included as Attachment 4 of the ERP.

11 Q. How did the Company ultimately classify Piper?

12 A. Based upon the weather forecasts, the Company projected an upper end possible impact of
13 180 outages jobs (*i.e.*, approximately 20,000 customers without electric service) in the
14 O&R and RECO service territories. Based on this forecast the Company pre-classified
15 Piper as a Storm Category 2B – Serious event effective Monday February 27, 2023, at
16 1900 hours.

17 Q. Was the Company’s classification of Piper and preparation effort influenced by its
18 experience prior to and during Isaias?

19 A. Yes. As discussed above, in preparing for Piper and the other Storms, the Company was
20 guided by Board Staff’s review of the Company’s performance prior to and during Isaias.

21 Q. Please describe the Company’s mobilization activities prior to the arrival of Piper.

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1 A. On February 24, the Company initiated calls to begin planning for the arrival of Piper. On
2 February 27, at 1900 hours, the Company mobilized its ICS Organization, along with key
3 storm response and restoration teams. The ICS Organization remained mobilized through
4 the end of the restoration period, *i.e.*, February 28 at 0700 hours. Once activated, the
5 Company transitioned to storm mode with non-essential operational day-to-day activities
6 suspended in lieu of storm response activities.

7 Q. Did the Company seek mutual assistance prior to the arrival of Piper?

8 A. Yes. With Piper approaching the O&R and RECO service territories, the Company
9 began the process to secure mutual aid, through our existing retainer contracts and/or the
10 NAMAG mutual assistance process, on February 24, 2023. The Company requested
11 assistance from various contractors with which it has arrangements. These included “blue
12 sky” contractors, along with contractors covered by our emergency contracts. As noted in
13 the Petition, the Company was able to secure 130 FTEs for the O&R and RECO service
14 territories.

15 Q. Was the Company in contact with Board Staff prior to the arrival of Piper?

16 A. Yes. Prior to Monday February 27, 2023, the Company informed the Board’s Division of
17 Reliability and Security of the Company’s mobilization plans, the classification of Piper
18 as a Storm Category 2B – Serious Event, and that the Company had requested additional
19 mutual assistance resources. On the morning of the event (February 27), the Company
20 contacted and advised the Board’s Division of Reliability and Security regarding the
21 Company’s storm preparation efforts.

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WINTER STORM SAGE

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2 Q. Please discuss the progress of Sage and how the Company tracked it.

3 A. Con Edison's meteorologists forecasted a strong coastal storm to bring significant winter
4 weather impacts to the O&R and RECO service territories starting on March 13, 2023.

5 Heavy wet snow totals of over six inches combined with strong gusty winds after the wet
6 snow had fallen was forecast to result in significant power outages across the O&R and

7 RECO service territories. Light rain showers began on the afternoon of Monday, March

8 13, 2023, and turned steady after sunset. Con Edison's meteorologists forecast a

9 changeover from rain to heavy wet snow at approximately 2000 hours on Monday

10 evening, March 13, 2023. Due to a delay in the retreat of warm air, this changeover

11 occurred later than expected, taking place closer to 0200 hours on Tuesday morning,

12 March 14. Snow then continued to fall through the rest of Tuesday, March 14. Due to the

13 later than forecast changeover from rain to snow, the storm only produced four to six

14 inches of snow across about half of the RECO service territory, leading to a confined

15 impact. The combination of lower snowfall totals and smaller coverage area resulted in a

16 less impactful event than forecasted.

17 Q. How did the Company classify Sage?

18 A. The Company classified Sage in accordance with Section 3 of the ERP and the Storm
19 Classification and Staffing Matrix, included as Attachment 4 of the ERP.

20 Q. How did the Company ultimately classify Sage?

21 A. Based upon the weather forecasts, the Company projected an upper end possible impact of

22 900 outages jobs (*i.e.*, approximately 60,000 customers without electric service) in the

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1 O&R and RECO service territories. Based on this forecast the Company pre-classified
2 Sage as a Storm Category 4A – Full Scale event effective Monday March 13, 2023, at
3 1900 hours.

4 Q. Was the Company’s classification of Sage and preparation effort influenced by its
5 experience prior to and during Isaias?

6 A. Yes. As discussed above, in preparing for Sage and the other Storms, the Company was
7 guided by Board Staff’s review of the Company’s performance prior to and during Isaias.

8 Q. Please describe the Company’s mobilization activities prior to the arrival of Sage.

9 A. On March 10, the Company initiated calls to begin planning for the arrival of Sage. On
10 March 13, at 1900 hours, the Company mobilized its ICS Organization, along with key
11 storm response and restoration teams. The ICS Organization remained mobilized through
12 the end of the restoration period, *i.e.*, March 15 at 1530 hours. Once activated, the
13 Company transitioned to storm mode with non-essential operational day-to-day activities
14 suspended in lieu of storm response activities.

15 Q. Did the Company seek mutual assistance prior to the arrival of Sage?

16 A. Yes. With Sage approaching the O&R and RECO service territories, the Company began
17 the process to secure mutual aid, through our existing retainer contracts and/or the
18 NAMAG mutual assistance process, on March 10, 2023. The Company requested
19 assistance from various contractors with which it has arrangements. These included “blue
20 sky” contractors, along with contractors covered by our emergency contracts. As noted in
21 the Petition, the Company was able to secure 653 FTEs for the O&R and RECO service
22 territories.

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1 Q. Was the Company in contact with Board Staff prior to the arrival of Sage?

2 A. Yes. Prior to Monday March 13, 2023, the Company informed the Board's Division of
3 Reliability and Security of the Company's mobilization plans, the classification of Sage as
4 a Storm Category 4A – Full Scale Event, and that the Company had requested additional
5 mutual assistance resources. On the morning of the event (March 13), the Company
6 contacted and advised the Board's Division of Reliability and Security regarding the
7 Company's storm preparation efforts.

8

9

STORM PREPARATION COSTS

10 Q. Did the Company incur unreimbursed, uninsured and incremental storm preparation
11 operation and maintenance ("O&M") costs as a result of the Storms?

12 A. Yes, as set forth in Exhibit A to the Petition, RECO incurred approximately \$5.1 million
13 of unreimbursed, uninsured and incremental storm preparation costs. Exhibit A provides
14 RECO's allocation of the total labor (both management and union), total accounts payable
15 (e.g., contractor and mutual aid expenses) and other expenses (e.g., lodging, meals and
16 incidental expenses) incurred for each of the Storms.

17 Q. How were costs allocated between RECO and Orange and Rockland?

18 A. As the Company received and processed invoices, the Company reviewed the expenses
19 incurred during the Storms and when appropriate or identifiable, charged direct bills to
20 RECO. The Company's review and approval process continues, and the Company will
21 update and revise the costs included in Exhibit A as appropriate. Given the minimal
22 number of customer outages associated with each of the Storms, if the type of expense

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1 incurred benefited both the O&R and RECO service territories, allocation of the expenses
2 was based on the E0 split used to split electric costs between O&R and RECO, as set forth
3 in the Joint Operating Agreement between O&R and RECO and updated on an annual
4 basis. The E0 split was 78.22% O&R, and 21.78% RECO in 2022 and is currently
5 74.70% O&R, and 25.30% RECO for 2023.

6 Q. Does the Company have any insurance available that would offset the costs it incurred
7 related to the Storms as described above?

8 A. No. The Company's corporate insurance program is managed by the corporate insurance
9 department of RECO's corporate affiliate, Con Edison. The corporate insurance program
10 has historically covered all Company structural facilities, power plants, office buildings,
11 substations, large transformers and warehouses. The corporate insurance program does
12 not cover the sort of preparation costs that the Company has incurred in anticipation of
13 potential Major Storm events.

14 Q. Is the Company eligible for reimbursement from the Federal Emergency Management
15 Agency or other federal agency for any of the preparation costs that the Company incurred
16 in anticipation of the Storms?

17 A. No.

STORM RESERVE/FUTURE DEFERRAL PROVISION

19 Q. Does the Company current Board-approved rate Stipulation allow the Company to defer
20 and recover the storm preparation costs associated with the Storms?

21 A. The Board's Decision and Order Adopting Initial Decision and Stipulation of Settlement
22 dated December 15, 2021 ("2021 Rate Order"), in the Company's last electric base rate

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1 case (*i.e.*, Docket No. ER21050823), provides that the Company’s storm costs for an
2 individual storm, including preparation costs, shall qualify for automatic deferred
3 accounting if RECO incurs incremental costs of \$300,000 and the storm caused 10% or
4 more of the customers located in either (i) RECO’s Bergen County service territory or (ii)
5 RECO’s combined Passaic County and Sussex County service territories, to be without
6 electric service. The 2021 Rate Order also authorizes RECO to petition the Board for
7 approval of deferred accounting treatment for storm costs related to individual storms that
8 are not subject to automatic deferred accounting under the foregoing criteria.

9 Q. Did Nicole, Elliott, Piper or Sage meet the criteria for automatic deferral set forth in the
10 2021 Rate Order?

11 A. Not entirely. Although as set forth in Exhibit A, in preparing for the Storms, the
12 Company incurred incremental costs in excess of \$300,000, none of the four Storms
13 caused 10% or more of the customers located in either (i) RECO’s Bergen County service
14 territory or (ii) RECO’s combined Passaic County and Sussex County service territories to
15 be without electric service. As a result, as provided by the 2021 Rate Order, the Company
16 is filing the Petition seeking Board authorization to defer the incremental preparation and
17 restoration costs incurred by the Company relating to the Storms within the guidelines
18 established by generally accepted accounting principles (“GAAP”).

RATEMAKING TREATMENT

19
20 Q. Is the Company seeking to recover the storm costs described in the Petition and
21 attachments through adjustments to rates charged to ratepayers?

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1 A. Not in this proceeding. The purpose of the Petition is to request authorization to defer the
2 storm costs for further review in RECO's next base rate case. The Company currently is
3 operating under electric distribution base rates approved by the Board in the 2021 Rate
4 Order. As discussed above, the Company's storm preparation costs associated with the
5 storms do not qualify for automatic deferred accounting treatment. By the Petition, the
6 Company seeks the Board's authorization to defer the Company's storm preparation costs
7 associated with Nicole, Elliot, Piper and Sage. As noted in Exhibit A, the Company's
8 current estimate of total deferred incremental O&M storm related costs incurred during
9 these four storms is approximately \$5.1 million. The Company will update this estimate as
10 invoices are received and verified. The Company proposes to defer the total prudently
11 incurred incremental O&M storm related costs during the Storms, and to seek recovery in
12 its next base rate case from the Company's customers in rates.

13 Q. How are storm related preparation costs treated for tax purposes?

14 A. For State and Federal income tax purposes, storm related costs are deducted as incurred.
15 To the extent any regulatory asset is established by the deferral of these costs, a
16 corresponding deferred tax liability is established in accordance with Financial
17 Accounting Standards Board, Accounting Standards Codification, Topic 740 – Income
18 Taxes (ASC 740).

19 Q. Does this conclude your direct testimony at this time?

20 A. Yes, it does.