



Agenda Date: 9/22/17  
Agenda Item: 8B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

DIVISION OF ENERGY AND  
OFFICE OF CLEAN  
ENERGY

IN THE MATTER OF THE VERIFIED PETITION OF )  
ROCKLAND ELECTRIC COMPANY FOR APPROVAL )  
OF A LOW INCOME AUDIT AND DIRECT INSTALL )  
ENERGY EFFICIENCY PROGRAM AND ASSOCIATED )  
RATE RECOVERY MECHANISM ("LOW INCOME III )  
PROGRAM") )  
ORDER DESIGNATING )  
COMMISSIONER )  
DOCKET NO. ER17080869 )

**Parties of Record:**

**Margaret Comes, Esq.**, Associate Counsel, Rockland Electric Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

**BACKGROUND**

On January 13, 2008, L. 2007, c. 340 ("Act") was signed into law based on the New Jersey Legislature's findings that energy efficiency and conservation measures must be essential elements of the State's energy future, and that greater reliance on energy efficiency and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. N.J.S.A. 26:2C-45.

Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the New Jersey Board of Public Utilities ("Board"), including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas public utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.

By Order dated November 23, 2009, the Board approved Rockland Electric Company's ("RECO" or "Company") Energy Efficiency Stimulus Program ("EES Program") with three energy efficiency components ("Sub-Programs") to be implemented for a one-year period ending December 31, 2010.<sup>1</sup> The Sub-Programs included: (1) a Residential Enhanced Rebate Sub-Program, which provided enhanced rebates to induce residential energy consumers to select energy efficiency measures; (2) an On-Line Energy Audit Sub-Program ("On-Line Sub-Program"), where the Company selected a vendor to create software so the customers could conduct an on-line energy audit and cost/benefit analysis using their billing information from the Company's billing database; and (3) a Low Income Audit and Install Sub-Program ("Low Income Audit I Program") where the Company selected a vendor to provide its low income customers with an energy audit and energy efficiency measures at no cost to the customer. The total budget for EES Program expenditures approved by the Board was \$990,250, consisting of program investments of \$859,250 and operating and maintenance expenses of \$131,000. Cost recovery related to the Sub-Programs was to be through a component of RECO's Regional Greenhouse Recovery Surcharge ("RGGI Surcharge").

The Low Income Audit I Program approved by the Board increased the funding levels for energy efficiency measures from a cap of \$2,000 per household as proposed by the Company to a cap of \$6,500 to be consistent with increased funding levels for the NJ Comfort Partners Program. In addition, eligibility requirements were expanded to include not only Universal Service Fund Program participants but also households with an income level at or below 225% of the federal poverty guidelines and customers who receive federal Supplemental Security Income, Home Energy Assistance, Lifeline, Pharmaceutical Assistance to the Aged and Disabled, and Temporary Assistance to Needy Families or Section 8 Housing.

By Order dated March 30, 2011, the Board approved the extension of Sub-Programs through December 31, 2011 or until all budgeted funds were expended, whichever occurred first, with a close-out period to end on March 31, 2012.<sup>2</sup> By Order dated March 12, 2012, the Board approved a further extension through December 31, 2012 or until all budgeted funds were expended, whichever occurred first, for the Low Income Audit I Program.<sup>3</sup>

By Order dated March 20, 2013 ("March 2013 Order"), the Board approved a stipulation that further extended the Low Income Audit I Program through December 31, 2013 or until all budgeted funds were expended, whichever occurred first.<sup>4</sup> In the stipulation, the Company agreed to complete any close-out activities under the extended program by March 31, 2014. RECO also agreed to submit a filing pursuant to N.J.S.A. 48:3-98.1 in compliance with the Minimum Filing Requirements set out in Appendix A of the Board's May 12, 2008 Order in Docket Number EO08030164 within ninety days of the effective date of the March 2013 Order.

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<sup>1</sup> In the Matter of Energy Efficiency Program and Associated Cost Recovery Mechanisms and In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Cost Recovery, BPU Docket Nos. EO09010056 and EO09010061 (November 23, 2009).

<sup>2</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery – Extension Request, BPU Docket No. EO10120987 (March 30, 2011).

<sup>3</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery – Extension Request, BPU Docket No. EO12020115 (March 12, 2012).

<sup>4</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery – Extension Request, BPU Docket No. EO12121073 (March 20, 2013).

The filing would propose a new energy efficiency program with detailed sub-program information that would replace the existing Low Income Program if approved by the Board.

On June 21, 2013, in compliance with the March 2013 Order, the Company made the requisite filing with the Board seeking approval to administer a three-year EES Program ("Low Income Audit II Program") and to recover program costs and revenue requirements through the Company's RGGI Surcharge pursuant to N.J.S.A. 48:3-98.

On April 23, 2014, the Board approved a stipulation that approved the Low Income Audit II Program, but reduced its proposed term from three years to two years, the Company's marketing budget from \$15,000 to \$5000, and the maximum value of the measures per household from \$3,500 to \$2,500.<sup>5</sup> The Low Income Audit II Program commenced January 1, 2015 and terminated December 31, 2016.

### **August 2017 Filing**

On August 9, 2017, RECO filed the instant petition with the Board. In the filing, the Company requests Board authorization to implement its proposed Low Income Audit and Direct Install Energy Efficiency III Program ("Low Income Audit III Program").

RECO states that the Low Income Audit III Program is a continuation of the Low Income Audit II Program, with certain modifications. As proposed, the program will target participation by 100 eligible customers in each year of the two-year life of the program. The Company outlines a number of strategies to achieve expanded enrollment and energy savings. The total projected cost of the Low Income Audit III Program is approximately \$455,400 over the two year program period. Approximately \$356,000 remains from the Low Income Audit II Program because average participation and measure spending was lower than projected. RECO requests the Board approve the use of those funds and an additional \$100,000 for the Low Income Audit III Program.

In addition, the Company requests approval of rate recovery of all costs through its RGGI Surcharge, totaling \$455,400, with the carrying charge on its deferred balances for the Low Income Audit III Program based on the overall weighted average cost of capital as authorized by the Board in its most recent base rate case (7.47%).<sup>6</sup>

### **DISCUSSION**

The Board has determined that the petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Commissioner Upendra J. Chivukula as the presiding officer who is authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by October 17, 2017.

<sup>5</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of an Energy Efficiency Program and Associated Rate Recovery, BPU Docket No. ER13060535 (April 24, 2014).

<sup>6</sup> In the Matter of the Verified Petition of Rockland Electric Company for Approval of Changes in Electric Rates, Its Tariff for Electric Services, and Its Depreciation Rates; Approval of an Advanced Metering Program; and for Other Relief, BPU Docket No. ER16050428 (February 22, 2017).

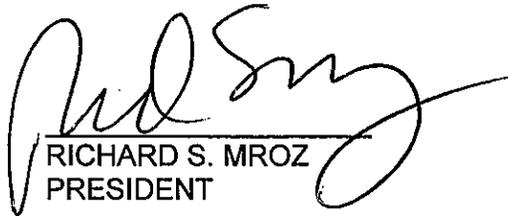
To further enable the Board to effectively and efficiently carry out its mandate under N.J.S.A. 48:3-98.1 and to allow development of a complete record, the Board **HEREBY AUTHORIZES** Commissioner Upendra J. Chivukula to render decisions on stipulations, pursuant to N.J.S.A. 48:2-21.3, extending the 180 day review period, if submitted, provided that the stipulation extending the time period is executed by all parties to the proceeding. The authority so delegated is limited to extensions that do not collectively exceed 180 days, with any further requests for extensions to be directed to the Board.

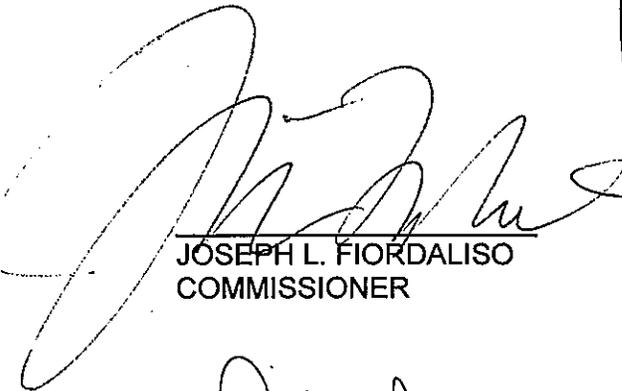
In the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing 2 hard copies to each party if requested. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

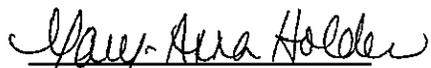
This Order is effective on October 2, 2017.

DATED: 9/22/17

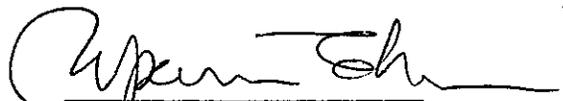
BOARD OF PUBLIC UTILITIES  
BY:

  
RICHARD S. MROZ  
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JOSEPH L. FIORDALISO  
COMMISSIONER

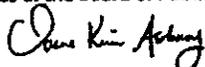
  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:   
IRENE KIM ASBURY  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR  
APPROVAL OF A LOW INCOME AUDIT AND DIRECT INSTALL ENERGY EFFICIENCY  
PROGRAM AND ASSOCIATED RATE RECOVERY MECHANISM ("LOW INCOME III  
PROGRAM")

BPU DOCKET NO. ER17080869

SERVICE LIST

Margaret Comes, Esq.  
Associate Counsel  
Rockland Electric Company  
Law Department, Room 1815-S  
4 Irving Place  
New York, NY 10003  
[comesmj@coned.com](mailto:comesmj@coned.com)

Donald E. Kennedy, Director  
Customer Energy Services  
Orange and Rockland Utilities, Inc.  
390 W. Route 59  
Spring Valley, NY 10977  
[kennedyd@oru.com](mailto:kennedyd@oru.com)

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[sbrand@rpa.nj.gov](mailto:sbrand@rpa.nj.gov)

Caroline Vachier, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[caroline.vachier@law.njoag.gov](mailto:caroline.vachier@law.njoag.gov)

Alex Moreau, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[alex.moreau@law.njoag.gov](mailto:alex.moreau@law.njoag.gov)

Irene Kim Asbury, Esq.  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[irene.asbury@bpu.nj.gov](mailto:irene.asbury@bpu.nj.gov)

Marisa Slaten, Esq., Director  
Economic Development & Emerging Issues  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[marisa.slaten@bpu.nj.gov](mailto:marisa.slaten@bpu.nj.gov)

Sherri Jones  
Office of Clean Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[sherri.jones@bpu.nj.gov](mailto:sherri.jones@bpu.nj.gov)

Mahogany Hall  
Office of Clean Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[mahogany.hall@bpu.nj.gov](mailto:mahogany.hall@bpu.nj.gov)

Rachel Boylan, Esq.  
Counsel's Office  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[rachel.boylan@bpu.nj.gov](mailto:rachel.boylan@bpu.nj.gov)

Renee Greenberg, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[renee.greenberg@law.njoag.gov](mailto:renee.greenberg@law.njoag.gov)

Stacy Ho Richardson, Esq.  
Counsel's Office  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[stacy.richardson@bpu.nj.gov](mailto:stacy.richardson@bpu.nj.gov)

Geoffrey Gersten, DAG  
Department of Law & Public Safety  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[geoffrey.gersten@law.njoag.gov](mailto:geoffrey.gersten@law.njoag.gov)

Thomas Walker, Director  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[thomas.walker@bpu.nj.gov](mailto:thomas.walker@bpu.nj.gov)

Stacy Peterson, Deputy Director  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[stacy.peterson@bpu.nj.gov](mailto:stacy.peterson@bpu.nj.gov)

Bart Kilar  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, NJ 08625-0350  
[bart.kilar@bpu.nj.gov](mailto:bart.kilar@bpu.nj.gov)