

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

<b>In the Matter of the Verified Petition of</b>	<b>:</b>	<b>STIPULATION OF SETTLEMENT</b>
<b>Rockland Electric Company for Approval of</b>	<b>:</b>	
<b>Deferred Accounting Treatment for Storm</b>	<b>:</b>	<b>BPU Docket No. ER23050280</b>
<b>Preparation Costs Related to Anticipated</b>	<b>:</b>	
<b>Major Storm Events in Late 2022 and 2023;</b>	<b>:</b>	
<b>And for Other Relief</b>	<b>:</b>	
	<b>:</b>	

**APPEARANCES:**

**James C. Meyer, Esq.**, Riker Danzig Scherer Hyland & Perretti, LLP, and **John L. Carley, Esq.**, Associate General Counsel, for Petitioner Rockland Electric Company

**T. David Wand, Esq.**, Managing Attorney-Electric, **Bethany Rocque-Romaine, Esq.**, Assistant Deputy Rate Counsel, and **Brian Weeks, Esq.**, Deputy Rate Counsel, for the Division of Rate Counsel (**Brian O. Lipman**, Director)

**Steven Chaplar, Esq.**, and **Matko Ilic, Esq.**, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Attorney General of New Jersey)

**TO: THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES**

THIS STIPULATION OF SETTLEMENT (“Stipulation”) is made by and among Rockland Electric Company (“RECO” or “Company”), Staff of the New Jersey Board of Public Utilities (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (referred to herein individually as a “Party” and collectively as the “Parties”).

**BACKGROUND**

On December 15, 2021, the New Jersey Board of Public Utilities (“Board”) adopted an Initial Decision and Stipulation of Settlement in which the Board determined that the Company’s storm costs for an individual storm shall automatically qualify for deferred accounting if RECO incurred 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 (approximately 59,000 customers),

or (ii) RECO’s combined Passaic County and Sussex County service territories (approximately 13,600 customers) to be without electric service.<sup>1</sup> The 2021 Rate Order also authorized RECO to petition the Board for approval of deferred accounting treatment for storm costs related to individual storms that are not subject to automatic deferred accounting.

In accordance with the 2021 Rate Order, on May 5, 2023, the Company filed a petition with the Board seeking to defer its prudently incurred incremental preparation costs (“costs” or “storm costs”), associated with Tropical Storm Nicole, Winter Storm Elliott, Winter Storm Piper, and Winter Storm Sage (“Petition”). According to the Petition, the Company provided that it would address the rate recovery of such costs, including the time period, carrying charge and manner for recovery, in the Company’s next base rate case.<sup>2</sup>

The Petition provides that according to the Company’s Emergency Response Plan (“ERP”) and based upon weather forecasts, the Company’s storm response to Tropical Storm Nicole began on Friday, November 11, 2022, at 1900 hours and concluded on Saturday, November 12, at 0600 hours. The mobilization level was categorized by the Company as a Storm Category 2B – Serious, in accordance with the procedure set forth in the ERP.

The Petition provides that according to the Company’s ERP and based upon weather forecasts, the Company’s storm response to Winter Storm Elliot began on Thursday, December 22,

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<sup>1</sup> In re the Matter of the Verified Petition of Rockland Electric Company for Approval of Changes in Electric Rates, its Tariff For Electric Service, and its Depreciation Rates; and for Other Relief, Decision and Order Adopting Initial Decision and Stipulation of Settlement, BPU Docket No. ER21050823, OAL Docket No. PUC 05219-21, December 15, 2021; In re the Matter of the Verified Petition of Rockland Electric Company for Approval of a Final Settlement of its Transition Bond Transaction; and for Other Relief, Decision and Order Adopting Initial Decision and Stipulation of Settlement, BPU Docket No. ER210030675, OAL Docket Number PUC 05218-21, December 15, 2021; and In re the Matter of the Verified Petition of Rockland Electric Company for Deferred Accounting Treatment for Storm Preparation Costs Related to Tropical Storm Henri; and for other Relief, Decision and Order Adopting Initial Decision and Stipulation of Settlement, BPU Docket No. ER21091143, December 15, 2021 (“2021 Rate Order”).

<sup>2</sup> The Petition included the pre-filed testimony of a “Storm Costs Panel” of witnesses.

2022, at 1900 hours, and concluded on Saturday, December 24, 2022, at 0600 hours. The mobilization level was categorized by the Company as a Serious 2C, in accordance with the procedure set forth in the ERP.

The Petition provides that according to the Company's ERP and based upon weather forecasts, 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 by the Company as a Serious 2B, in accordance with the procedure set forth in the ERP.

Finally, the Petition provides that according to the Company's ERP and based upon weather forecasts, 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 by the Company as a Full Scale 4A, in accordance with the procedure set forth in the ERP.

According to the Petition, the storm preparation process in the days leading up to each of the four (4) storms was as follows:

- The Company prepared for mobilization in accordance with Section 3 of the ERP, with final staffing decisions based upon the weather, impact forecasts, and other factors.
- The Company secured mutual aid resources.
- The Company secured 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.

Although each of the storms resulted in an excess of \$300,000 in incremental, unreimbursed, uninsured costs to the Company, and there were power outage incidents impacting customers in each of the storms, the number of outages did not meet the threshold for automatic

deferral of incurred costs necessitating a Petition as set forth in the 2021 Rate Order. The Company's Petition included the following summary of the incremental costs incurred for each storm:

<b>STORM PREPARATION COSTS FOR DEFERRAL</b>	
<b>Storm</b>	<b>Expenses</b>
TS Nicole	\$ 823,691.95
WS Elliot	\$ 620,662.20
WS Piper	\$ 397,492.41
WS Sage	\$ 2,938,637.89
<b>Total</b>	<b>\$ 4,780,484.45</b>

### **STIPULATION**

Based upon a review of the Petition (including pre-filed testimony) and settlement communications, the Parties to this Stipulation STIPULATE AND AGREE AS FOLLOWS:

1. Preparation. The Parties agree that it is important for electric public utilities to undertake reasonable measures to adequately prepare for anticipated major storms in accordance with emergency response plans, in order to restore customers' service expeditiously following storms and to comply with the Board's reliability and quality standards at N.J.A.C. 14:5-1.1 to 9.12.
2. In its next base rate case, the Company agrees to provide electronically to the Parties in this proceeding the following updated discovery (in Sections a. – g. set forth below) for Tropical Storm Nicole, Winter Storm Elliott, Winter Storm Piper, and Winter Storm Sage and future storm response preparations for which it seeks cost recovery, regardless of whether the storm event meets the criteria of a major event as defined in N.J.A.C 14:5-1.2. The Company's provision of this discovery material does not preclude the Parties from seeking additional or follow-up storm

response preparation related discovery from the Company in its next base rate case.

- a. Records of the Company's weather and outage prediction modeling for each storm event preparation and response to substantiate the Company's cost recovery request, including:
  - i. Records of a timeline from the hour and date that storm preparation activities commenced and continuing until the hour and date each storm event terminated;
  - ii. Records of any external radar, satellite, and weather station data sources used by the Company in weather and outage prediction internal deliberations during storm preparation activities and during the Company's response to each storm event;
  - iii. National Weather Service, National Hurricane Center, Storm Prediction Center, or other National Oceanic and Atmospheric Administration weather reports, notices, updates or warnings used during the Company's weather and outage prediction modeling and to monitor weather conditions in the RECO service territory (including wind speed, precipitation and temperature data if available);
  - iv. Records of high wind conditions preventing restoration personnel from performing their job functions.
- b. Records of storm preparation activities leading up to each storm event (5 to 7 days before each storm event):

- i. Records, communications, reports provided by external utility weather forecasting service(s) that the Company relied upon during storm preparation activities for each storm event;
  - ii. Records, communications, reports showing how the Company projected outage jobs for each storm event, including any updates or modifications of the initial outage job estimate(s), using the December 2021 O&R Incident Classification and Staffing Matrix for Tropical Storm Nicole, Winter Storm Elliott, Winter Storm Piper, and Winter Storm Sage; and
  - iii. A detailed timeline for each storm event showing when the Company made initial storm event classification(s) (using the December 2021 O&R Incident Classification and Staffing Matrix for Tropical Storm Nicole, Winter Storm Elliott, Winter Storm Piper, and Winter Storm Sage) and any subsequent updates or modifications of the initial storm classification matrix and any records documenting the reasons for the change(s) in storm classification from 5 to 7 days before the storm event and during the duration of each storm event.
- c. A list detailing the time, date and nature of all requests made by the Company to other utilities, including parent companies, subsidiaries, and/or “sister” companies, and/or outside contractors or subcontractors for mutual assistance, including:
  - i. Records providing a timeline profile of the number of all full-time staff person equivalents (“FTEs”) sent to an affected operating area to

prepare for or assist in the restoration efforts before and during each storm event.

- d. Records providing a timeline of the total number of Company line FTEs, mutual aid FTEs, non-Company contractor line FTEs, and tree FTEs and other FTEs working on restoration activities during the duration of each storm event. A timeline showing when all mutual aid FTEs and non-Company contractor FTEs (line, tree, service restoration, safety, and other) were requested, arrived for duty, standby location(s) where all FTEs were deployed, and were released, and the mutual aid and non-contractor response.
- e. Records providing a summary of emergency management contacts made by the Company or external emergency management coordinators, including but not limited to elected and appointed local government officials, during storm preparation activities and for the duration of each storm event, including:
  - i. Emergency declarations by the National Weather Service; and
  - ii. Declarations of a state of emergency by the Governor or subordinate.
- f. Records of the Company's informal internal discussions regarding restoration activities for Tropical Storm Nicole, Winter Storm Elliott, Winter Storm Piper, and Winter Storm Sage including the Company's response and any follow-up action identified to improve future storm responses.
- g. Documentation and calculations showing that the storm preparation and storm response costs incurred by the Company are incremental to the amounts already budgeted for storm preparation and storm response actions in the Company's base rates.

3. Deferral Accounting Treatment. The Company may defer on its books all of the storm costs associated with the four storms described in the Verified Petition and attachments. In its next base rate case, the Company will seek recovery of the deferred storm costs through prospective adjustments to rates charged to ratepayers. In the Company's next base rate case, the Board will determine the prudence of the costs incurred, and the time period, carrying charge and manner of recovery. On December 21, 2022, the Board determined that these storm costs will be reviewed in a base rate case not later than the base rate case that RECO must file by no later than May 1, 2027.<sup>3</sup> As noted in the chart on page 4 of this Stipulation, the Company's current estimate of total storm preparation costs incurred and to be deferred is approximately \$4.8 million. The Company will provide updates to Staff and Rate Counsel to this estimate and the costs to be deferred as any remaining invoices are received and verified.

4. Carrying Costs. The storm costs deferred in accordance with Section 2 of this Stipulation shall accrue interest calculated at a rate based upon U.S. Treasury securities at seven year constant maturity as published in the Federal Reserve Statistical Release on the first day of each month (or closest day thereafter on which rates are published), plus 60 basis points, compounded annually, but not to exceed RECO's Board-authorized overall rate of return effective at the time the interest is calculated.

5. Effective Date. If approved by the Board, this Stipulation shall become effective upon Board approval.

6. Voluntariness. The Parties agree that this Stipulation is voluntary, consistent with law, and fully dispositive of the issues addressed herein.

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<sup>3</sup> In re the Matter of the Petition of Rockland Electric Company for Approval of an Infrastructure Investment Program, and Related Cost Recovery Mechanism, Decision and Order Approving Stipulation of Settlement, Docket No. ER22030198, December 21, 2022.



7. Expeditious Board Approval. Each Party agrees to use its best efforts to ensure that this Stipulation is submitted in a timely fashion to the Board for its approval without modification or condition. However, the Parties understand there is no guarantee that this matter will be decided on a particular date or at a specific Board Meeting.

8. Rights Upon Disapproval or Modification. This Stipulation contains mutually balancing and interdependent provisions, and is intended to be accepted and approved in its entirety. This Stipulation is an integral settlement and the various parts hereof are not severable without upsetting the balance of agreements and compromises achieved among the Parties. In the event the Board disapproves this Stipulation as a whole, it shall be null and void. In the event that any particular aspect of this Stipulation is not accepted and approved by the Board in its entirety, without modification, or is modified by a court of competent jurisdiction: (i) the Parties are not waiving any legal or procedural rights, arguments or claims they may have before the Board or in any forum, and (ii) this Stipulation shall, at the option and discretion of any Party aggrieved thereby, exercised by written notice to the other Parties within 10 days after receipt of any such adverse decision, be null and void in which case the Parties shall be placed in the same position that they were in immediately prior to its execution.

9. Party Reservations. This Stipulation does not address or determine the ultimate rate recovery of the costs and is without prejudice to the positions of the respective Parties, in the Company's next base rate case, regarding all issues associated with rate recovery of the storm costs, including the prudence of the costs incurred, and the time period, carrying charge and manner of recovery. This Stipulation represents a negotiated compromise resolution made exclusively for the purpose of the above-referenced proceeding. In particular, this Stipulation authorizing deferral treatment is based on the particular circumstances of this matter. Although binding on the Parties with respect to the issues resolved herein, this Stipulation, in total or by

specific item, is in no way binding upon the Parties (or non-signatories) and is not to be considered or cited as precedent in favor of or against their respective positions on any issue in any other proceeding, except to enforce the terms of this Stipulation. This Stipulation is without prejudice to the positions of the respective Parties with respect to any future rate cases or other proceedings involving the Company, except as specifically set forth herein.

10. Captions. The subject headings of the sections of this Stipulation are inserted solely for the purpose of convenient reference and are not intended to, nor shall they, affect the meaning of any provision of this Stipulation.


11. Governing Law. This Stipulation shall be governed and construed in accordance with the laws of the State of New Jersey.

12. Execution. This Stipulation may be executed in one or more counterparts. Each Party has caused its duly authorized representative to execute below and deliver this Stipulation.

### **CONCLUSION**


WHEREFORE, the Parties hereto have duly executed and do respectfully submit this Stipulation to the Board, and recommend that the Board issue a Final Decision and Order adopting and approving this Stipulation in its entirety in accordance with the terms hereof. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

**ROCKLAND ELECTRIC COMPANY**

By:   
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Riker, Danzig LLP  
Attorneys For Rockland Electric Company

Date: 11/30/2023

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By:   
Steven Chaplar, Esq.  
Deputy Attorney General

Date: December 1, 2023

**STATE OF NEW JERSEY, DIVISION OF RATE COUNSEL**  
**BRIAN O. LIPMAN**  
**DIRECTOR, DIVISION OF RATE COUNSEL**

By: T. David Wand  
T. David Wand, Esq  
Deputy Rate Counsel

Date: December 1, 2023