



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center, Suite 801**  
**Newark, NJ 07102**  
**www.nj.gov/bpu**

**ENERGY**

IN THE MATTER OF THE REQUEST OF ROCKLAND )  
ELECTRIC COMPANY TO EXTEND THE ENROLLMENT )  
PERIOD AND MAKE CERTAIN CHANGES TO ITS )  
BUILDING UTILIZATION AND BUSINESS EXPANSION )  
RIDERS )  
ORDER EXTENDING RIDERS  
WITH REVISIONS  
DOCKET NO. ET10110868

**APPEARANCES:**

John Carley, Esq., for Rockland Electric Company

Diane Schulze, Esq., Division of Rate Counsel (Stephanie A Brand, Esq., Director)

**BY THE BOARD:**

On November 23, 2010, Rockland Electric Company ("RECO", "Petitioner", or "Company") made a filing with the New Jersey Board of Public Utilities ("Board") requesting approval to extend the enrollment period of its Building Utilization Rider ("BUR") and its Business Expansion Rider ("BER") from January 1, 2011 through December 31, 2013. RECO also sought Board approval to make several other changes to the BER and BUR, including modifying the method of calculating the credits, extending the term of the credit, and implementing a revenue test provision. In a letter dated May 19, 2011, RECO filed revised tariff leaves associated with BER and BUR ("May 19 Letter") to reflect the removal of the requirement in the BER tariff that a customer must be locating, relocating, or expanding into a Designated Growth Area.

**BACKGROUND**

The BUR and BER were originally established pursuant to a Board Order dated December 30, 1992, in Docket No. ET92090949<sup>1</sup>. In that Order, the Board approved a request by RECO to amend its electric tariffs to incorporate the BUR and BER. The riders were intended to spur economic development within RECO's service territory, and were to expire on December 31, 1994. The Board subsequently approved a one-year extension for the enrollment periods of these riders in Docket No. ET94110528<sup>2</sup>. By Order dated February 7, 1996, in Docket No.

<sup>1</sup> I/M/O the Proposed Electric Tariff Amendment of Rockland Electric Company. BPU Dkt. No. ET92090949. December 30, 1992.

<sup>2</sup> I/M/O the Petition of Rockland Electric Company to Extend the Enrollment Period of its Building Utilization and Business Expansion Riders. BPU Dkt. No. ET94110528. January 24, 1995.

ET95100512<sup>3</sup>, the Board approved an extension of the riders for an additional two years through December 31, 1997.

By Order dated December 17, 1997, in Docket No. ET97110826<sup>4</sup>, the Board approved an extension of the riders from January 1, 1998 through December 31, 1999. By Order dated April 27, 2000, the Board approved an extension of the riders from May 2, 2000 through December 31, 2002<sup>5</sup>. The Board Order dated February 27, 2004, in Docket No. ET03030160 ("2004 Order")<sup>6</sup>, further extended the riders through December 31, 2006, as well as modified the eligibility criteria of the BER to become consistent with the state's Smart Growth Initiatives and the State Development and Redevelopment Plan. The riders were last extended through December 31, 2010 by Board Order dated April 17, 2008 in Docket No. ET07100797<sup>7</sup>. The last extension also expanded eligibility requirements to require that customers qualify for and receive a comprehensive package of economic incentives conferred by the local municipality or state authorities.

The BUR is available to commercial and industrial customers who purchase or lease a minimum of 7,500 square feet of building space that has been vacant for at least three (3) months, and who add new permanent full-time employees to their payrolls. Relocation or consolidation of New Jersey based employees, without employment growth, does not qualify. The building space must require less than 50% of the estimated first year net annual revenue in additional Company investment in facilities. In return, an eligible customer currently receives, subject to certain seasonal and/or usage criteria, a credit of \$.00682 per kilowatt-hour of usage, which is applied to the customer's monthly electric bill for 36 consecutive billing months.

The BER is available to commercial and industrial customers who expand their existing building space or construct new facilities of at least 7,500 square feet, and who add permanent new full-time employees to their payrolls. Relocation or consolidation of New Jersey based employees, without employment growth, does not qualify. The building space must require less than 50% of the estimated first year net annual revenue in additional Company investment in facilities. In return, an eligible customer currently receives, subject to certain seasonal and/or usage criteria, a credit of \$.00682 per kilowatt-hour of usage, which is applied to the customer's monthly electric bill for 36 consecutive billing months.

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<sup>3</sup> I/M/O the Petition of Rockland Electric Company to Extend the Enrollment Period of its Building Utilization and Business Expansion Riders. BPU Dkt. No. ET95100512. February 7, 1996.

<sup>4</sup> I/M/O the Petition of Rockland Electric Company to Extend the Enrollment Period of its Building Utilization and Business Expansion Riders. BPU Dkt. No. ET97110826. December 17, 1997.

<sup>5</sup> I/M/O the Petition of Rockland Electric Company to Extend the Enrollment Period and to Make Certain Changes to its Building Utilization and Business Expansion Riders. BPU Dkt. No. ER00010025. April 27, 2000.

<sup>6</sup> I/M/O the Petition of Rockland Electric Company to Extend the Enrollment Period and Make Certain Changes to its Building Utilization and Business Expansion Riders, BPU Dkt. No. ET03030160. February 19, 2004.

<sup>7</sup> I/M/O the Petition of Rockland Electric Company to Extend the Enrollment Period and Make Certain Changes to its Building Utilization and Business Expansion Riders, BPU Dkt. No. ET07100797. April 17, 2008.

## Company Request

In the instant filing, RECO seeks Board authorization to extend the enrollment period of the BUR and BER from January 1, 2011 through December 31, 2013<sup>8</sup>.

The Company is also proposing to change the method of calculating the credit from one based on a per kWh rate, applicable only to certain levels of usage, to one based on a set percentage of total use. RECO proposes that the credit be set at twenty (20) percent of the Customer Charge and Distribution Charges. The Company claims that the current method (a per kWh rate associated with within certain rate blocks and time periods) has caused customer confusion since customers cannot readily estimate the magnitude of the bill credit they will receive.

Additionally, RECO is proposing to enhance the investment in facilities it would make on a BER or BUR customer's behalf by introducing a new provision entitled "Revenue Test for Facility Extensions" to these riders. Currently, there is a requirement that the customer's space require no "significant additional investment" in facilities by the Company, which is defined as 50% of the estimated first year net annual revenue. According to RECO, under the new provision, the cost and expense which the Company will bear for the facility extension will be equal to four (4) times the projected annual delivery revenue resulting from the customer's construction or expansion. The customer would be required to pay a lump sum charge, prior to the commencement of construction, for the installation of any Company facilities in excess of the amount described above, and will be required to provide financial security for the lesser of the cost of the facility or an amount equal to four times the projected annual delivery revenue resulting from the construction or expansion.

Finally, the Company proposes to extend the term of the credit from three to five years, in an effort to make both riders more effective in attracting customers to the RECO service territory.

The Company is not requesting any special accounting or cost recovery treatment for the BUR/BER credits in this filing. In the Company's recently completed base rate case in Docket No. ER09080668<sup>9</sup>, the amount of bill credits embedded in RECO's test year revenue was \$2,054.

Subsequently, discussions were held between the Company, the Division of Rate Counsel ("Rate Counsel") and Board Staff. As a result of those discussions, RECO filed the May 19 Letter. By letter dated May 26, 2011, Rate Counsel stated that based on a review of the Company's proposal and discovery responses provided in the proceeding, Rate Counsel did not object to the Board's approval of RECO's proposed changes to its BUR and BER tariffs.

## DISCUSSION AND FINDING

Based upon its review of the filing, the subsequent revised tariff leaves filed by RECO, and the documents submitted in this matter, the Board **HEREBY FINDS** that the request, and with the revised tariff leaves filed on May 19, 2011 to implement the extension with revisions, are

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<sup>8</sup> It is the Board's understanding that no additional customers have requested service under these riders between the date of the filing and the date of this Order.

<sup>9</sup> I/M/O the Verified Petition of Rockland Electric Company for Approval of Charges in Electric Rates, It's Tariff for Electric Services, it's Depreciation Rates, and for Other Relief. BPU Dkt. ER09060668. May 12, 2010.

reasonable and in the public interest in that the modified riders will hopefully provide incentives for companies to locate or relocate in the Company's service territory and thereby promote economic as well as employment growth in the Company's service territory. The Board **HEREBY APPROVES** the filing, as amended by the May 19 Letter, and therefore **APPROVES** an extension the BUR and BER riders as amended through December 31, 2013. Further, the Board **HEREBY DIRECTS** the Company to file tariffs consistent with the Board's findings within five (5) business days from the date of service of this Order, for services rendered on or after the first day of the month following the date of this Order. Moreover, the Board's approval to extend these riders does not constitute Board approval of any accounting or rate recovery treatment for additional costs associated with the implementation of the revised BUR and BER service provisions.

In addition, the Board **HEREBY ORDERS** RECO to continue to provide reports to the Board describing the status of its BER and BUR on an annual basis.

Except for the specific modifications contained herein, all other provisions of the Board's prior Orders of approval in this matter, in Docket Nos. ET92090949, ET94110528, ET95100512, ET97110826, ER00010025, ET03030160, and ET07100797 remain in effect.

DATED: 6/15/11

BOARD OF PUBLIC UTILITIES  
BY:




LEE A. SOLOMON  
PRESIDENT




JEANNE M. FOX  
COMMISSIONER



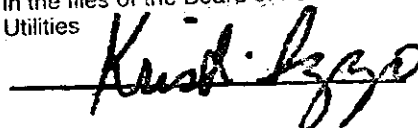
JOSEPH L. FIORDALISO  
COMMISSIONER



NICHOLAS ASSELTA  
COMMISSIONER

ATTEST:  
  
KRISTI IZZO  
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 Request of Rockland Electric Company to Extend the Enrollment Period and  
to Make Certain Changes to its Building Utilization and Business Expansion Riders  
DOCKET NO. ET10110868

NOTIFICATION LIST

| <b>BOARD OF PUBLIC UTILITIES</b>   |   |  |
|--|---|--|
| Jerome May<br>Board of Public Utilities<br>Two Gateway Center<br>Suite 801<br>Newark, NJ 07102   | Alice Bator<br>Board of Public Utilities<br>Two Gateway Center<br>Suite 801<br>Newark, NJ 07102                                 | Stacy Peterson<br>Board of Public Utilities<br>Two Gateway Center<br>Suite 801<br>Newark, NJ 07102                                 |
| Kristi Izzo, Secretary<br>Board of Public Utilities<br>Two Gateway Center<br>Suite 801<br>Newark, NJ 07102                             | Kenneth Sheehan<br>Chief Counsel<br>Board of Public Utilities<br>Two Gateway Center<br>Suite 801<br>Newark, NJ 07102            | Andrew Dembia<br>Legal Specialist<br>Board of Public Utilities<br>Two Gateway Center<br>Suite 801<br>Newark, NJ 07102              |
| <b>DIVISION OF RATE COUNSEL</b>  |   |  |
| Stefanie A. Brand, Esq.<br>Division of Rate Counsel<br>31 Clinton Street, 11 <sup>th</sup> Floor<br>P.O. Box 46005<br>Newark, NJ 07101 | Ami Morita, Esq.<br>Division of Rate Counsel<br>31 Clinton Street, 11 <sup>th</sup> Floor<br>P.O. Box 46005<br>Newark, NJ 07101 | Diane Schulze, Esq.<br>Division of Rate Counsel<br>31 Clinton Street, 11 <sup>th</sup> Floor<br>P.O. Box 46005<br>Newark, NJ 07101 |
| Lisa Gurkas<br>Division of Rate Counsel<br>31 Clinton Street, 11 <sup>th</sup> Floor<br>P.O. Box 46005<br>Newark, NJ 07101             |   |  |
| <b>DEPARTMENT OF LAW &amp; PUBLIC SAFETY</b>   |   |  |
| Caroline Vachier, DAG<br>Division of Law<br>124 Halsey Street, 5 <sup>th</sup> Floor<br>P.O. Box 45029<br>Newark, NJ 07101             | Babette Tenzer, DAG<br>Division of Law<br>124 Halsey Street, 5 <sup>th</sup> Floor<br>P.O. Box 45029<br>Newark, NJ 07101        | Alex Moreau, DAG<br>Division of Law<br>124 Halsey Street, 5 <sup>th</sup> Floor<br>P.O. Box 45029<br>Newark, NJ 07101              |

**RECO**

John L. Carley, Esq.  
Asst. General Counsel  
Consolidated Edison Co of  
NY  
4 Irving Place, Room 1815-S  
New York, NY 10003-0987

William A. Atzl, Jr. P.E.  
Manager  
Electric & Gas Rate Design  
Orange & Rockland  
4 Irving Place  
New York, NY 10003-0987