Rockland Electric Company

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February 1, 2013

VIA EMAIL AND EXPRESS MAIL

Honorable Kristi Izzo
Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
PO Box 350
Trenton, NJ 08625-0350

Re: I/M/O the Verified Petition of Rockland Electric Company for Approval to Implement an Extended SREC-Based Financing Program Pursuant to N.J.S.A. 48:3-98.1 (SREC II Program)
BPU Docket No.

Dear Secretary Izzo:

I enclose an original and ten copies of the Verified Petition of Rockland Electric Company for Approval to Implement an Extended SREC-Based Financing Program, together with the Exhibits referred to therein.

Please contact me if you have any questions regarding these comments.

Very truly yours,

John L. Carley
John L. Carley
Assistant General Counsel

Enclosure

c. Stefanie A. Brand, Director
The Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

I/M/O the Verified Petition of
Rockland Electric Company for Approval to
Implement an Extended SREC-Based Financing Program
Pursuant to N.J.S.A. 48:3-98.1 (SREC II Program)

VERIFIED PETITION

February 1, 2013

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE VERIFIED PETITION OF ROCKLAND ELECTRIC COMPANY FOR APPROVAL TO IMPLEMENT AN EXTENDED SREC-BASED FINANCING PROGRAM (SREC II PROGRAM)	**))))))**	**VERIFIED PETITION** **BPU Docket No.**

+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" or "BPU") pursuant to *N.J.S.A.* 48:3-98.1 ("RGGI law") for approval to implement an extension of the existing Solar Renewable Energy Certificate ("SREC")-based financing program (the extension shall be referred to herein as "SREC II," or the "SREC II Program"). The Company also seeks approval by the Board of the proposed implementation authorizations and cost recovery mechanisms discussed in this Verified Petition.

BACKGROUND

1. Petitioner is a public utility engaged in the distribution of electricity and the provision of electric Basic Generation Service ("BGS") for residential, commercial and industrial purposes within the State of New Jersey. Petitioner provides service to approximately 72,000 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's customer base includes approximately 63,000 residential customers. Petitioner is a subsidiary of Orange and Rockland Utilities, Inc. ("Orange and Rockland").

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*.

3. Pursuant to the requirements of the Electric Discount and Energy Competition Act, as amended, *N.J.S.A.* 48:3-49 *et seq*. ("EDECA"), the Board has adopted renewable portfolio standards ("RPS") rules, *N.J.A.C.* 14:8-2.1 *et seq*. Among other things, the RPS rules require that a specified portion of the electricity supplied to New Jersey customers by each electric power supplier or provider be supplied from solar electric generation systems. Under RPS rules, suppliers and providers may comply with the solar requirements by submitting SRECs[1] or by paying a specified Solar Alternative Compliance Payment ("SCAP")[2], or a combination of both methods.

4. At its agenda meeting on September 12, 2007, the Board directed its' Office of Clean Energy ("OCE") to initiate a proceeding to explore whether additional mechanisms could be established to support the financing of solar generation projects by providing greater assurances about the cash flow to be expected from such projects. The Board noted that factors in the availability of such financing not only include the assurances of long-term maximum prices for SRECs, as established by the rolling eight

[1] An SREC is a certificate that represents one megawatt-hour ("MWh") of solar energy that is generated by a facility connected to the distribution system in this State and has value based upon, and driven by, the energy market. *N.J.S.A.* 48:3-51.
[2] An SACP is a payment of a certain dollar amount per MWh, the value of which is fixed for each energy year, that an electric power supplier or provider may submit to the Board in order to comply with RPS requirements. *N.J.S.A.* 48:3-51; 48:3-87(j). Because a supplier or provider would not be expected to purchase an SREC at a price higher than the SACP it could alternatively pay, the SACP value sets the expected upper limit on the price of an SREC in the market.

year SACP schedule, but also the degree of certainty about the minimum cash flow from such projects. The term "SREC-based financing" has been used generally to describe the provision of additional cash flow certainty to a project in exchange for the SRECs generated by a project, and includes contract solicitation programs and solar loan programs.

5. Following that proceeding, in an order dated August 7, 2008 in Docket No. EO06100744 ("August 7 Order"), the Board, among other things, ordered RECO to submit a petition under *N.J.S.A.* 48:3-98.1(b) for its participation in an SREC-based financing plan submitted by either Jersey Central Power & Light Company ("JCP&L") or Atlantic City Electric Company ("ACE") pursuant to the criteria of the August 7 Order. In its December 8, 2008 Order on Motion for Reconsideration in Docket No. EO06100744 ("December 8 Order"), the Board determined that RECO must pursue an SREC-based financing program, but could proceed with its own SREC-based financing program or it could opt to participate in the program submitted by ACE or JCP&L, and could pursue a solar loan program, as well.

6. On February 2, 2009, RECO filed a Petition for approval of an SREC-Based Financing Program, in BPU Docket No. EO09020097. (The Company's original SREC Program will be referred to herein as "SREC I" or as the "SREC I Program.") Following Board approval[3], RECO implemented the SREC I Program and engaged in periodic solicitations for qualifying projects. The last solicitation for the SREC I Program was conducted in September 2011 and the contract awards thereunder were

[3] The Board approved a Stipulation of Settlement providing for RECO's implementation of the SREC I Program by an Order dated July 31, 2009 ("July 31, 2009 Order") *IMO the Verified Petition of Rockland Electric Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A.48:3-98.1*, Docket No. EO09020097.

approved by the Board's Order dated November 9, 2011. The SREC I Program was fully-subscribed and RECO has awarded SREC purchase agreements for solar photovoltaic projects that were designed to add approximately 3.769 MW of solar generating capacity in the Company's service territory. Due to project cancellations or the counterparty's failure to execute the agreement, the status of the SREC I Program as of year-end 2012 is as follows:

Rockland Electric SREC-Based Financing Program					
	Awarded	**Built**	**In Process**	**Dropped**	**Petition to extend pending - PSA Expired**
Participants	23	13	6	2	2
kW	4,118	2,262	800	204	852

7. In November 2011, OCE began a series of stakeholder meetings to develop recommendations related to the expiring EDC SREC-based financing programs, and address issues arising from the Solar Energy Advancement and Fair Competition Act (P.L. 2009, c. 289) and the 2011 Energy Master Plan. Among the issues discussed during the stakeholder meetings was whether the electric distribution companies' ("EDCs") SREC-based financing programs should be extended or expanded. A related topic of discussion was whether the BPU should intervene in the solar industry in light of the decreasing value of SRECs in the open market. The Board also retained the Rutgers Center for Energy, Economic and Environmental Policy ("CEEEP") to perform an analysis comparing the costs of the EDCs' SREC-based financing programs. The CEEEP presented its preliminary and updated findings, respectively, at two stakeholder meetings.

8. During the stakeholder process, Board Staff proposed two options (i.e., (1) increase the solar RPS or (2) increase the SREC-based Financing Programs' capacity), and discussed these and other stakeholder proposals. On March 6, 2012, Staff circulated a Straw Proposal to the stakeholder group. Participants were offered an opportunity to provide comments on the Straw Proposal in writing and at a public hearing. After reviewing the comments on the Straw Proposal, Board Staff revised it and informed the EDCs of the changes from the original version. The revised Straw Proposal was presented to the Board and addressed in the Board's Order dated May 23, 2012.[4]

9. The May 23, 2012 Order adopted the Staff's recommendations and approved an extension of the EDC SREC-based Financing Programs for a total capacity of 180 MW over three years, to be divided among the participating EDCs based on retail sales. RECO's share of the 180 MW, pursuant to communications with OCE Staff, is approximately 4.5 MW. The May 23, 2012 Order also approved various provisions the EDCs were directed to follow in their SREC financing programs. Among those provisions, the EDCs were given the choice of (1) filing jointly or separately to participate in an Extended EDC SREC program, or (2) filing to implement a solar loan program.

10. The May 23, 2012 Order directed the EDCs "to file within, 5 business days of service of this Order, a notice of their intention to participate or not to participate in the Extended EDC SREC Programs consistent with Staffs recommendations adopted by the Board herein." *Id.* at 28. In a letter dated June 1, 2012, RECO notified the Board

[4] *I/M/O the Review of Utility Supported Solar Programs*, Docket No. EO11050311V, Order (dated May 23, 2012) ("May 23, 2012 Order")

of RECO's "intent to petition for approval of a solar loan program covering the Company's allocated share of 180 MW over three years."

11. On August 22, 2012, RECO participated in the pre-filing meeting required by the May 23, 2012 Order consistent with the May 12, 2008 Order establishing requirements for all petitions under the RGGI law.[5] RECO met with Board Staff (including OCE Staff) and the Department of the Public Advocate's Division of Rate Counsel ("Rate Counsel") to discuss the nature of RECO's proposed Solar Loan Program and describe the program cost recovery mechanism contemplated by the Company.

12. Despite its initial intention and subsequent efforts, RECO is presently unable to petition for a solar loan program to address RECO's capacity share under the May 23, 2012 Order. Specifically, after consulting with a variety of institutions, RECO was unable to identify an unaffiliated third-party lending company that would be willing to administer RECO's solar loan program on acceptable terms. RECO currently does not have the resources or expertise required to administer a solar loan program entirely on its own. Therefore, consistent with the alternatives authorized in the May 23, 2012 Order, and in order to move forward in a timely manner, RECO is filing this Verified Petition seeking Board approval of its SREC II Program. As discussed further below, RECO's SREC II Program is a contract solicitation program that extends the current SREC I Program, with certain modifications.

13. On December 13, 2012, RECO participated, via teleconference, in the pre-filing meeting required by the May 12, 2008 Order with Board Staff, Rate Counsel and

[5] *I/M/O Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis Pursuant to* N.J.S.A. *48:3-98.1*, Docket No. EO08030164, Order (dated May 12, 2008) ("May 12, 2008 Order").

the OCE to discuss the nature of RECO's proposed SREC II Program and describe the program cost recovery mechanism contemplated by the Company.

14. As more fully described in the direct testimony of Donald Kennedy, Director-Customer Energy Services for Orange and Rockland (attached hereto and incorporated herein as Exhibit A), Petitioner's proposed SREC II Program is designed to be in compliance and conformance with the requirements for such a program, as outlined in the May 23, 2012 Order.

RECO'S PROPOSED SREC II PROGRAM

Overview

15. This Verified Petition respectfully requests authorization for RECO: to implement the proposed SREC II Program, cost recovery and accounting; to assess fees to customers and solar project developers participating in the Program ("Program Participants") in order to recover the Program's administrative costs; to recover any remaining net costs of the SREC II Program through the RECO's Regional Greenhouse Gas Initiative ("RGGI") Surcharge; and to continue to receive an SREC Transaction Fee, as detailed herein and in the testimonies submitted herewith. The Company intends the SREC II Program to be similar in most material respects to the current SREC I Program, subject to the changes discussed herein and in the attached testimonies.

16. As a result of the SREC II Program, the Company estimates that, over a three-year period, it will enter into SREC II-Purchase and Sale Agreements ("SREC II-PSAs")[6] with developers of approximately 4.5 MW of installed solar capacity in its service territory. Solar projects will be selected for contracting through a solicitation

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[6] The form of the SREC II-PSA is attached hereto and incorporated herein as Exhibit C.

process based on the lowest net present value ("NPV") cost of the agreement, as discussed below. The actual MW to be solicited each year will be updated pursuant to an annual review of the actual inventory of solar projects, as discussed in more detail in Mr. Kennedy's testimony.

17. In accord with the May 23, 2012 Order, RECO is proposing four program segments: (1) net-metered residential ("Segment 1") (2) net-metered small commercial solar photovoltaic projects less than or equal to 50 kW ("Segment 2"); (3) net-metered solar photovoltaic projects between 50 kW and 2.0 MW ("Segment 3"); and (4) grid-connected solar photovoltaic projects on closed landfills and brownfields ("Segment 4"). RECO is proposing the following breakdown of the 4.5 MW of total capacity to be solicited by RECO for the segments:

Segment 1: .25 MW;

Segment 2: .75 MW;

Segment 3: 2.0 MW; and

Segment 4: 1.5MW.

Solicitation of SREC II-PSAs

18. In the first year of the solicitation phase (under which RECO will select solar projects with which it will enter into an SREC II-PSA), the Company will seek proposals for SREC II-PSAs with a term of ten years. In the second year of the solicitation phase, the Company will seek proposals for SREC II-PSAs with a term of nine years; and, in the third year of the solicitation phase, the Company will seek proposals for SREC II-PSAs with a term of eight years. The staggered contract terms are

suggested in the Board's May 23, 2012 Order (at 8) and will result in all of the SREC II-PSAs terminating in the same year.

19. RECO will employ standard agreements in the form approved by the Board as part of this proceeding, and will not negotiate the provisions of individual agreements, in a process similar to that employed in connection with the Supplier Master Agreements in the BGS proceedings. Petitioner's proposed form of SREC II-PSA, which is substantially similar to the SREC-PSA used in the SREC I Program, is attached hereto as Exhibit C. The form of SREC II-PSA contains changes the Board has previously approved for the SREC I Program, as well as certain additional modifications designed to facilitate administrative efficiency in light of RECO's experience with the SREC I Program. As reflected in Exhibit C, the Company maintains that it is critical that the SREC II-PSA continue to contain a so-called "regulatory out" clause that, among other things, relieves the Company from its SREC II purchase obligations if its right to recover the associated costs and other amounts approved by the Board is modified or terminated in the future.

20. Petitioner will solicit proposals from solar project owners or developers on a semi-annual basis. Through an independent Solicitation Manager ("SM"), RECO will issue a request for proposals or comparable solicitation (collectively, an "RFP") in response to which a solar project owner and/or developer will be required to present its proposal, including its OCE-approved SREC II application and describing the proposed project in appropriate detail (*e.g.*, project ownership, size, location, relevant technical specifications, anticipated number of SRECs to be produced over each year of the

proposed term of the SREC II-PSA), and setting forth the price at which it proposes to have the Company purchase the project's SRECs.

21. RECO, through the independent SM, will select the projects with which to enter into SREC II-PSAs based on the lowest NPV cost of the agreement up to the MW solicited. The NPV evaluation will take into account such factors as the project size (in kilowatts ("kW")), the anticipated number of SRECs to be produced, and the SREC purchase price proposed in the project's response to the RFP. In determining the NPV of RECO's obligations under the proposed agreement, the Company will use a discount rate equal to its then current weighted average after-tax cost of capital.

22. The Company, in conjunction with the SM, will report to the Board regarding the results of each solicitation and its assessment of the proposals that should be selected based on the NPV analysis discussed above. The report will include an assessment of the competitiveness of the process from the SM, considering such factors as the number of bidders, MW bid and range of pricing. RECO will seek prompt Board approval of the selected proposals or other direction from the Board, following which RECO will enter into SREC II-PSAs with the project owners or developers consistent with such Board approval and/or direction. Projects that are not selected will be notified and will have the opportunity to re-price their proposals in the Program's remaining solicitations.

Project Eligibility Criteria

23. For Segments 1, 2 and 3, only solar projects for net-metered RECO customers that have been approved by OCE as being qualified to generate SRECs in New Jersey shall be eligible to participate in the Company's solicitations and to enter into

SREC II-PSAs with RECO. For Segment 4, only grid-connected solar projects located on closed landfills or brownfields within RECO's service territory that have been approved by OCE as being qualified to receive credit for SREC II generation shall be eligible to participate in the solicitations. Consistent with RECO's proposed form of SREC II-PSA, following execution of the SREC II-PSA, RECO shall request -- and the developer shall provide -- all necessary information and relevant documentation for RECO to (1) register the project with the PJM Environmental Information Service – Generator Attribute Tracking System ("GATS") or any successor entity or organization performing such function, and (2) to perform the monthly meter reading entry or generation uploads required to generate SRECs from the project.

Meter Issues

24. A RECO-owned meter will record the electrical output of the solar project. SREC II Program participants will be required, at their sole cost, to procure and install the appropriate metering that meets the BPU's and PJM's accuracy standards to record the solar generation of their project. Participants will also be required to execute and submit to RECO a PJM GATS "Schedule A" which will transfer the generation asset to the RECO GATS account so that RECO can enter generation values. RECO will transfer the recorded kWh generation amounts into the PJM GATS system for each project that will produce the SRECs at the end of each monthly period. Meter readings will be performed by the Company during the normal meter reading process. The PJM GATS system has an algorithm in place to align the recorded generation with the monthly estimated projection for the indicated size solar installation. SRECs will be tracked using the PJM GATS platform. Company Witness Kennedy discusses the metering and

generation recording requirements in greater detail in his direct testimony, attached as Exhibit A.

Administrative Matters

25. RECO proposes to use existing administrative systems, either through OCE or joint EDC systems, to the extent it is cost effective to do so. In addition, the Company will work with the other New Jersey EDCs – JCP&L, Public Service Electric and Gas Company and ACE – with the goal of having the EDCs' extended SREC-based financing programs complement and be consistent, to the extent feasible. In particular, the Petitioner intends to continue to work with JCP&L and ACE, as it has done for the SREC I Program, to coordinate their respective efforts under the two programs to the extent practicable, including in connection with the project solicitation process. RECO will also use existing OCE program policies and procedures to the extent practicable.

Sale of SRECs by RECO

26. RECO proposes to sell all of the SRECs that it purchases under the SREC II Program through the same auction process that the Board approved for the SREC I Program and the other EDCs' SREC programs. In accordance with the Board's May 23, 2012 Order, RECO will not begin SREC sales from the SREC II Program until Energy Year 2016 (*i.e.*, June 1, 2016 through May 31, 2017) ("EY 2016").

Cost Recovery, Accounting and Transaction Fees

27. In accordance with the Board's May 23, 2012 Order, RECO proposes to recover the administrative costs of the SREC II Program from Program Participants. This will be accomplished through three mechanisms. First, the Company is proposing a non-

refundable application fee of $150 for each application to participate in an SREC II Program solicitation ("Application Fee").

28. Second, the Company proposes to charge each successful applicant, which is selected through the solicitation process and executes an SREC II-PSA with RECO, a "Solar Developer Fee" for each SREC purchased. The Solar Developer Fee of $30 is based on the total of the Company's forecasted administrative costs, over the life of the program.

29. Third, the Company proposes to assess an assignment fee of $1,000 per assignment of an SREC II-PSA ("Assignment Fee"). These costs will be billed directly to the counterparty under the SREC II-PSA that is seeking to assign the agreement.

30. The foregoing mechanisms will be used to make the developers pay for the projected administrative costs of the Program with the goal that customers avoid such costs to the greatest extent practicable. Mechanically, this will work by crediting the revenues RECO receives from these three mechanisms to the RGGI Surcharge to offset the administrative costs of the SREC II Program booked to the RGGI Surcharge. If there are any unrecovered administrative costs, they will be recovered through the RGGI Surcharge. The RGGI Surcharge is a non-bypassable charge that applies across all electric distribution customers as more fully described in the direct testimony of Company witness Cheryl Ruggiero, which is attached hereto and incorporated herein as Exhibit B.

31. In addition to the three mechanisms for recovering administrative costs from program participants described above, RECO will charge Program Participants a refundable deposit established by multiplying the system capacity by $75 per kW. Upon

completion of the project, and following the successful generation of SRECs, the deposit will be returned to the program participants. Any defaulted deposits will be applied to reduce the costs to be recovered by RECO through the RGGI Surcharge.

32. As with the SREC I Program, RECO will collect through the RGGI Surcharge all reasonable and prudent amounts paid to purchase SRECs under the SREC II-PSAs. Net revenues (*i.e.*, revenues net of auction costs) received from the ultimate auction of the SRECs that the Company purchases as part of the SREC II Program will be applied to reduce the costs to be recovered through the existing RGGI Surcharge.

33. In accordance with the Board's May 23, 2012 Order, RECO will accrue in and recover through the RGGI Surcharge, interest on the purchase value of the SRECs held in inventory under the SREC II Program at RECO's then current overall pre-tax cost of capital (*i.e.*, currently 11.77%), compounded monthly. Interest on the SRECs in inventory is necessary because of the requirement that the Company may not begin selling SRECs from the SREC II Program until EY 2016.

34. RECO also proposes to continue to receive an SREC Transaction Fee of $39.11 for each SREC RECO purchases under the SREC II Program. In the SREC II Program, at the time of purchase, the Company proposes to collect the SREC Transaction Fee from Program Participants for each SREC purchased. Specifically, the Company will deduct the SREC Transaction Fees from the proceeds it pays Program Participants for SRECs pursuant to the SREC-II PSAs. The SREC Transaction Fee is the same SREC Transaction Fee charged on the sale of SRECs that the Board approved for the SREC I Program in the July 31, 2009 Order. RECO will account for the SREC Transaction Fee in the same manner as it has in connection with the SREC I Program.

35. Further details concerning cost recovery, accounting and tariff issues are set forth in the direct testimony of Company witness Ruggiero (Exhibit B) and the exhibits to this Verified Petition.

36. Board approval of the cost recovery, accounting proposals, and transaction fee proposed herein will enable the Company to implement the Board's objectives for advancing the use of solar energy in the Petitioner's service territory and allow for the proper recovery of future net costs of the SREC II Program. It will provide necessary assurances to the investment community that costs incurred in developing the SREC II Program and executing the SREC II-PSAs will be fully recovered in a timely manner through appropriate mechanisms. Further, provision of the transaction fee to RECO is reasonable and consistent with *N.J.S.A.* 48:3-98.1 and the Board's approval of the same fee in the SREC I Program.

Minimum Filing Requirements

37. Exhibit D to this Verified Petition identifies where in this filing the Company has addressed the various Minimum Filing Requirements ("Minimum Filing Requirements") previously articulated by the Board in the May 12, 2008 Order.

Pre-Filed Testimony and Attachments

Attached hereto and made a part of this Verified Petition are the following pre-filed testimony and attachments:

Exhibit A - Direct Testimony of Donald Kennedy (concerning the SREC II Program)

Exhibit B - Direct Testimony of Cheryl Ruggiero (describing the Company's proposed mechanism to recover the costs associated with the EDC SREC Program)

Exhibit C – proposed form of SREC II-PSA

Exhibit D – Minimum Filing Requirements

Exhibit E - RECO Comparative Balance Sheets 2009-2011, Q3-2012

Exhibit F - RECO Comparative Income Statements 2009-2011, Q3–2012

Exhibit G – Statement of Revenues 2009-2011, Q3-2012

Exhibit H – Accounting Entries

Exhibit I – Capital Structure

Public Notice and Service

38. Inasmuch as the Company is not seeking any rate increase at this time in connection with its proposed SREC II Program, 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).

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

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CONCLUSION AND REQUESTS FOR APPROVAL

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. The proposed SREC II Program, cost recovery and accounting, as set forth in this Verified Petition, is reasonable and prudent and complies with the requirements of the Board's requirements;
2. The proposed fees and deposit requirements applicable to Program Participants are reasonable and are approved;

3. To the extent not collected by the various mechanisms described in this Verified Petition, RECO is authorized to recover those costs, as requested herein, associated with the SREC II Program through its RGGI Surcharge;

4. The continuation of the Transaction Fee is reasonable and is approved;

5. The use of the proposed form of SREC II-PSA is reasonable and approved; and

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

Respectfully submitted,

ROCKLAND ELECTRIC COMPANY

By ______________________

James C. Meyer, Esq.
Riker, Danzig, Scherer, Hyland & Perretti LLP
Headquarters Plaza
One Speedwell Avenue
P.O. Box 1981
Morristown, NJ 07962-1981

and

VERIFICATION

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

EDWIN J. ORTIZ, being duly sworn, according to law, upon his oath deposes and says:

1. I am the Vice President-Customer Service 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.

Edwin J. Ortiz

Sworn to and subscribed
before me this _____ day
of February, 2013.

____

Notary Public

EXHIBIT A

BEFORE THE

NEW JERSEY BOARD OF PUBLIC UTILITIES

Rockland Electric Company

Direct Testimony

of

Donald E. Kennedy

Re: SREC-Based Financing Program
("SREC II Program")
BPU Docket No. _____________

DIRECT TESTIMONY OF Donald E. Kennedy

I. INTRODUCTION AND BACKGROUND

Q. Please state your name and business address.

A. My name is Donald E. Kennedy and my business address is 390 West Route 59 Spring Valley, NY 10977.

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

A. I am employed by Orange and Rockland Utilities, Inc. ("O&R") as the Director of Energy Services for O&R and its utility subsidiaries, including Rockland Electric Company ("RECO" or the "Company"). My professional and educational background is attached to the testimony as Attachment A.

Q. Please describe the purpose of your testimony.

A. Pursuant to a directive from the Board of Public Utilities ("Board" or "BPU") contained in an Order dated May 23, 2012 in Docket No. EO11050311V ("May 23, 2012 Order"), RECO is proposing to extend its SREC-Based Financing Program for a second phase in support of New Jersey's ongoing efforts to transition its renewable energy programs to a more market-based approach. The Company's initial SREC- Based Financing Program ("SREC I" or "SREC I Program") was implemented pursuant to a July 31, 2009 Order in Docket No. EO09020097 ("SREC I Order"), in order to address a statewide shortfall in achieving New Jersey's near-term renewable portfolio standards ("RPS").

In this testimony I describe RECO's proposed second phase of its SREC-Based Financing Program proposal ("SREC II" or "SREC II Program"). The Company's SREC II Program proposal provides for the solicitation of approximately 4.5 MW of solar energy projects to enter long-term Solar Renewable Energy Certificate ("SREC") purchase and sale contracts to support financing for the projects. Consistent with the May 23, 2012 Order, RECO is proposing contract terms of ten years in the initial offering year, declining to nine years and eight years in each subsequent offering year. The purpose of my testimony is to provide a detailed description of the proposed SREC II Program.

Q. Why is RECO making this filing?

A. RECO is making the filing in compliance with the requirements of the Board's May 23, 2012 Order. In that Order, the Board approved the Office of Clean Energy ("OCE") Staff's recommendations for extension of the New Jersey electric distribution companies' ("EDCs") SREC-based financing programs for three years, after finding that the recommendations: will deliver significant benefits to the State, while fairly balancing the desire to maintain a healthy solar industry in the State with the desire to minimize the impacts to ratepayers; are consistent with the recommendations included in the New Jersey Energy Master Plan ("NJEMP"); satisfy the objectives of the Electric Discount and Energy Competition Act ("EDECA"); and meet the requirements of the Solar Energy Advancement and Fair Competition Act ("SEAFCA"). RECO understands the State's interest in a limited extension of the EDCs' SREC-based financing programs to support desired solar projects as part of the transition to a fully market-based solar project development market.

Q. Did RECO consider implementing a solar loan program in response to the May 23, 2012 Order?

A. Yes. In the May 23, 2012 Order (p. 28), the Board directed that the EDCs "file within, 5 business days of service of this Order, a notice of their intention to participate or not to participate in the Extended EDC SREC Programs consistent with Staffs recommendations adopted by the Board herein." In a letter dated June 1, 2012, RECO notified the Board of RECO's "intent to petition for approval of a solar loan program covering the Company's allocated share of 180 MW over three years."

Q. Why is RECO not implementing such a solar loan program?

A. Despite its initial intention, RECO is unable to petition for approval of a solar loan program at this time. After consulting with a variety of institutions, RECO was unable to identify an unaffiliated third-party lending company that would be willing to administer RECO's solar loan program on terms that were acceptable to the Company. RECO presently does not have the resources or expertise required to administer a solar loan program entirely on its own. Therefore, consistent with the alternatives authorized under the May 23, 2102 Order, and in order to proceed in a timely manner, RECO is filing this Verified Petition seeking Board approval of its SREC II Program.

Q. Please describe generally the rates and fees associated with this proposal.

A. RECO recovers the costs for its SREC I Program, including the costs related to the purchase of SRECs, through its RGGI Surcharge. RECO is proposing to continue to use the RGGI mechanism to recover the costs of the SREC II Program, but also is proposing to implement certain new fees upon Program

Participants to offset administrative costs, consistent with the Board's May 23, 2012 Order, as described in more detail in this testimony.

Q. Please explain how the costs of SRECs purchased from Program Participants will be recovered through rates.

A. The costs related to the purchase of SRECs under the SREC II Program will be included in the RGGI Surcharge to customers as they are under the SREC I Program. As it does in SREC I, RECO will then sell the SRECs at auction as described below, and will credit any revenues it receives from those sales, net of any auction costs, to customers through the RGGI Surcharge. As a result of this treatment, should the sale price for SRECs that RECO sells be less than RECO's purchase price, the difference will be reflected as a recoverable program cost. Conversely, should the sale price for SRECs that RECO sells be greater than the purchase price, the difference will be credited to the RGGI Surcharge and reduce program costs. It is my understanding that continuation of this practice is consistent with the May 23, 2012 Order.

Q. Please describe the implementation of new fees to Program Participants and how they relate to the Board's May 23, 2012 Order and RECO's cost recovery.

A. The Board's May 23, 2012 Order approved Staff's recommendation (at 27) that the EDC's costs for developing, implementing and managing the extended program (*i.e.*, administrative fees) would be "paid for" by the solar developer or the generation customer. In discussing that recommendation, Staff acknowledged that "the details regarding the specific methods for determining how to recover such costs from the solar projects, and related utility cost recovery issues, will be discussed further in the review of the EDC filings." (May 23, 2012 Order, at 21). In accord with the Board's May 23, 2012 Order, RECO proposes to implement three mechanisms by which Program Participants will pay for projected administrative costs of the SREC II Program.[1] First, RECO will charge a non-refundable Application Fee of $150 for each application to participate in a Program solicitation.

The second mechanism is a proposed "Solar Developer Fee" that will be charged to each successful applicant that is selected through the solicitation process and executes an SREC Purchase and Sale Agreement ("SREC II-PSA") with RECO. The Solar Developer Fee of $30 will be assessed on a per SREC basis at the time of purchase of the SRECs by RECO. The fee is based on the total of the forecasted administrative costs for the life of the SREC II program of approximately $1.6 million, which costs will be allocated over 56,527 SRECs (*i.e.*, 4.5 MW x 1300 hours x 9 years = 52,560 + 3877 = 56,527 SRECs). These costs include projected costs of program development, implementation, marketing, and program solicitations ("Program Administration Costs"). Any over- or under-recovered balances will be subject to interest at a rate based on the two year constant maturity Treasuries as published in the Federal Reserve Statistics Release on the first day of each month (or closest day thereafter on which rates are published) plus sixty basis points, but not exceeding the overall rate of return authorized by the Board for the Company. As to the third

[1] In this testimony, I refer to customers and solar project contractors/developers participating in the Program collectively as "Program Participants."

mechanism, the Company proposes to collect a Contract Assignment Fee of $1,000 per assignment to offset the administrative costs associated with the preparation and review of legal documents providing for assignments.

In terms of RECO's cost recovery, and to be clear, RECO will continue to use the RGGI clause as the mechanism to "settle" and recover <u>all</u> Program costs as they are incurred by RECO, and will include in the RGGI Clause all the costs addressed by the Application Fee, Solar Developer Fee, and Contract Assignment Fee, as RECO incurs such costs. However, RECO will also credit to the RGGI Clause all of the revenues from the Application Fee, Solar Developer Fee, and Contract Assignment Fee as an offset to those costs as such revenues are received. This will address the requirements of the Board's Order, while ensuring that RECO is made whole, as it must be, for any remaining administrative costs that are not recouped from Program Participants.

Q. Will RECO limit the amount of SRECs purchased from valid projects?

A. Yes. Similar to SREC I, the Company will cap the amount of SRECs purchased based upon the size of the awarded project. As set forth in the SREC II-PSA, over each annual period, the Company will purchase, at the contract price, all SRECs produced that are within the cap, which will be calculated by multiplying the DC kW rating of the project by 1300 hours, and dividing by 1000 kWh/SREC to determine the quantity of SRECs. RECO may, at its option and sole discretion, purchase some or all of the SRECs generated in excess of the cap at 50% of the contract price. Any excess SRECs not purchased by RECO will be returned to the Program Participant's account in the PJM Environmental Information Service

– Generator Attribute Tracking System ("GATS") or any successor entity or organization performing such function.

Q. When will RECO begin purchasing and selling the SRECs it purchases through the SREC II Program?

A. In accord with the Board's May 23, 2012 Order, RECO estimates that it will begin purchasing SRECs under its Phase II program sometime in the second half of 2014 or as soon as is practical after the Board issues a final order approving the SREC II Program. However, the May 23, 2012 Order does not permit RECO to begin selling SRECs from SREC II until energy year 2016 or until certain conditions are met, which conditions are set forth in the May 23, 2012 Order. As a result of this requirement, RECO will accrue interest on the purchase value of the SRECs held in inventory under the SREC II Program at RECO's then overall pre-tax cost of capital (*i.e.*, currently 11.77%), compounded monthly.

Q. What will RECO do with the revenues it receives from the sale of SRECs?

A. As noted above, RECO will pass all such net revenues along to all customers, by offsetting program costs being collected through the RGGI Surcharge.

Q. Does this filing address the minimum filing requirements ("Minimum Filing Requirements") set forth in the Board's May 12, 2008 Order issued pursuant to N.J.S.A. 48:3-98.1(c) in Docket No. EO08030164?

A. Yes. Exhibit D to the Verified Petition contains a summary of how the Company addresses and complies with the Minimum Filing Requirements, including references to specific locations in its filing where RECO is responsive to each requirement.

Q. Is the Company's SREC II Program proposal similar to the SREC II proposals filed by other EDCs?

A. Yes. As the Board is aware, the programs of RECO, Atlantic Electric Company ("ACE") and Jersey Central Power & Light Company ("JCP&L") for the original SREC-Based Financing Programs (SREC I) are very similar, and the three EDCs closely coordinated the solicitation of projects under their programs and have jointly contracted for a solicitation manager ("SM"). As to the SREC II Program filing, once again, RECO's SREC II Program proposal is similar to the programs proposed by ACE and JCP&L in response to the Board's May 23, 2012 Order. Among other things, the programs proposed by RECO, ACE and JCP&L are all contract solicitation programs, rather than solar loan programs.

Q. Did the Company base its SREC II Program proposal on its existing SREC-Based Financing program?

A. Yes. The Company's SREC II Program proposal is substantially similar to its SREC I Program. RECO is proposing certain changes consistent with the Board's May 23, 2012 Order, and certain other modifications based upon experience with the SREC I Program such as the assessment of a Contract Assignment Fee, to improve efficiency and reduce program costs.

II. DESCRIPTION OF THE SREC II PROGRAM SOLICITATION

Q. Please describe the fundamental elements of the Company's SREC II Program proposal.

A. RECO, in coordination with ACE and JCP&L, should they elect to adopt this process, will solicit MW blocks of solar generating capacity from eligible projects for entry into long-term agreements for the purchase and sale of SRECs generated by those projects

Q. With whom will the Company contract?

A. RECO proposes to enter into SREC II-PSAs with customers who own an eligible solar project or with contractor/developers who own such a project located on a customer's premises (collectively, the Program Participants). Project developers must have appropriate agreements with the customer on whose premises the system is located, addressing such issues as the project developer's right to locate the project on the premises, the right to the output of the project, including the SRECs, and absolving RECO from any responsibility for the relationship or transactions between the project developer and the customer. The various documents and agreements currently in use for the SREC I Program (including the standard form of SREC PSA) will be updated for use in the SREC II Program.

Q. How will you determine how many MWs to solicit?

A. The Board has accepted Staff's recommendations in its revised straw proposal, which allocates 180 MW of solar generating capacity statewide under the Extended EDC SREC-Based Financing Programs over three years, divided among the EDCs based on their respective percentage of statewide retail sales. RECO estimated its portion of annual retail sales for 2011 at approximately 2.5%, which results in the 4.5 MW solar capacity to be solicited by RECO over three years. RECO has confirmed its 4.5 MW capacity allocation with Board Staff. As set forth in Schedule DEK-1, the Company intends to offer this capacity in four blocks over a two-year solicitation period, with a third year available to solicit capacity remaining from the earlier solicitation period.

Q. Please discuss RECO's proposed contract solicitation process.

A. RECO will follow the same process used in SREC I. The solicitation process for establishing commitments to purchase SRECs from approved projects will involve close coordination with processes administered by the OCE related to SREC project review and approval. Any project RECO may consider for an SREC II-PSA must be certified by the OCE as eligible to generate SRECs. To manage its project solicitations, RECO will contract with a project SM, who will solicit project proposals and rank eligible projects according to the net present value ("NPV") of the proposed pricing to fill the MW block solicited. RECO, along with ACE and JCP&L, plan to contract jointly with the SM to maintain consistency with these processes in their respective territories for the benefit of the solar development industry and to reduce administrative costs. The documentation required for the solicitation of proposals will include the same documentation used for the SREC I Program, which can be found at www.njedcsolar.com, and certain additional information addressed below. RECO, in conjunction with the SM, will then forward recommended awards to the Board and, following timely regulatory approval, award SREC II-PSAs to selected projects. Projects that are not accepted will be rejected, although the project sponsors will have the opportunity to revise their proposal for resubmission in a subsequent solicitation round(s).

Q. How frequently does RECO anticipate soliciting proposals?

A. RECO anticipates conducting solicitations semi-annually to allow sufficient time for: (1) communication of each solicitation to customers and the solar development industry; (2) proposal development; (3) review of proposals and development of recommended awards; (4) regulatory approval of SREC II-PSAs pursuant to each solicitation to become non-appealable; and (5) notice to projects that are not accepted.

Q. Will RECO's solicitations be conducted concurrent with ACE and JCP&L solicitations?

A. Yes. RECO plans to coordinate solicitations with ACE and JCP&L to the extent practicable.

Q. Will project pricing proposals be confidential?

A. Proposals will be treated as confidential whether rejected or awarded. The SREC I Program provided for the publishing of the lowest accepted bid price and the average bid price for each round. The Company believes that this information should be kept confidential and not released to the public to preserve the competitiveness of the overall solicitation process, including in subsequent rounds. It has been observed that the release of this market information has, in some respects, inappropriately provided guidance to future bidders.

Q. Will project pricing be based on the proposed price, or priced at an auction clearing price of some sort?

A. Given the limited scope and scale of these solicitations, the relatively small number of solicitations and project-specific financing requirements, this process is not conducive to an auction process or the concept of a clearing price. Instead, SRECs will be priced as offered by the Program Participant in response to the Company's competitive solicitation. Based upon the competiveness of each solicitation, appropriate projects will be selected for award. If any solicitation round is under-subscribed, there will be an established maximum bid price above which bids will not be awarded.

Q. What is the structure of the solicitation process?

A. The Company will solicit MW blocks of pricing proposals for SRECs from solar projects that have been qualified on a prospective basis by the OCE, and that are eligible to participate in the Program pursuant to the May 23, 2012 Order. Project proposals will offer SRECs at a fixed price for the term of the SREC II-PSA. Proposals in the first year of the solicitation will be for ten-year contract terms; proposals in the second year will be for nine-year terms; and proposals in the third year will be for eight-year terms in order for the entire program to be ten years in duration.

Q. In the solicitation, what documentation will be required?

A. As noted above, the Program Participants will be required to submit the same documentation as currently required for the SREC I Program, which can be found at www.njedcsolar.com.

In addition, other required documentation or information related to the proposal includes:

a) the "segment" identification as described in the Verified Petition:

Segment 1: Residential ; or Segment 2: net metered up to 50kW; or

Segment 3: net metered greater than 50 kW; or Segment 4: grid-connected located on closed landfills or brownfields; and

b) service classification (*e.g.*, residential, non-residential secondary, non-residential primary, non-residential transmission).

Q. What projects will be ineligible for SREC II-PSAs?

A. The Company will not consider projects that are under construction prior to acceptance as eligible for an SREC II-PSA. Any aggregated net metered projects also will be ineligible to participate.

The Company notes that, as a point of clarification, it will not consider projects with any existing photovoltaic ("PV") capacity on the same site and will preclude any future construction or expansion of PV capacity at sites receiving payments under these SREC II-PSAs. This is a simplifying administrative requirement designed to avoid confusion and potential disputes related to multiple sources of SRECs associated with a given customer or customer account.

Q. How will projects be ranked and awarded?

A. After screening proposals for compliance with eligibility requirements, the Company (through its SM) will rank projects, lowest to highest, according to the offer price, based on the NPV per MWh of each proposal using a pre-announced utility discount rate, specifically RECO's then-current overall weighted cost of capital - net of tax, (which at present is 8.26% as approved in the Company's most recent base rate case, as set forth in Exhibit I to the Verified Petition).

RECO will disclose the approved discount rate in each solicitation to maximize the transparency of the process. The last accepted proposal in the solicited block may not yield an aggregate amount of MWs of SREC II-PSAs that exceeds the size of the block by more than 20% for each of the four segments of the Program. All other proposals will be rejected as previously described.

RECO (through its SM) will then forward recommended awards to the Board and, following regulatory approval, award SREC II-PSAs to the Board-approved projects.

Q. The Board Order indicates there should be a set aside for residential and small business market segments for eligibility under the program. How will project segments be used in RECO's SREC II Program?

A. As noted above, RECO is proposing four program segments: Segment 1: net-metered residential; Segment 2: net-metered small commercial solar photovoltaic projects less than or equal to 50 kW; Segment 3: net-metered solar photovoltaic projects greater than 50 kW and up to 2.0 MW; and Segment -4: grid-connected solar photovoltaic projects on closed landfills and brownfields. RECO is proposing the following breakdown of capacity to be solicited for the segments: Segment 1: 0.25 MW; Segment 2: 0.75MW, Segment 3: 2 MW; Segment 4: 1.5 MW. For Segments 1 and 2 (residential and small commercial), RECO is proposing that the .25 MW and .75 MW sizes be "set aside" amounts rather than firm allocations (within the allocation of 1 MW for both segments collectively), because RECO's preference is to solicit projects that would be ranked and awarded according to the NPV of their pricing. This approach supports the goal of achieving RPS requirements through proposals that result in the lowest cost for ratepayers. In other words, if Segment 1 is undersubscribed in any particular solicitation but Segment 2 is oversubscribed with qualifying projects, the excess capacity from Segment 1 would be reallocated to Segment 2. Further, notwithstanding the allocations, RECO proposes that any remaining unused capacity in any segment will become available for Segment 1, 2 and 3 after the fourth solicitation period.

Participation levels in each Segment will be dependent on project economics, which are a function of the anticipated SREC market prices, financing costs and the availability of other subsidies, such as rebates and the Federal Investment Tax Credit ("ITC").

Q. What levels of participation do you anticipate for the three Program years?

A. Based upon the experience with the SREC I Program, the estimated number of participants required to meet the MW target of 4.5MW is approximately 76 projects. This assumes that the 1.5 MW grid-connected segment requirement will be met through one project. However, if the average size of the actual net-metered projects is larger or smaller, the number of participants could vary. In Schedule DEK-2, I estimate the levels of participation over the three-year solicitation period as well as projected amounts of solar generation under the SREC II Program.

Q. Will the Board ultimately determine whether pricing is competitive and prudent?

A. Yes. The determination as to the prudence of pricing for each round of solicitations will ultimately rest with the Board, which will approve the awards of SREC II-PSAs from each solicitation. The Board will rely, in part, on the transparency of the competitive solicitation process in making its determination. Following the procedures for SREC I, after each solicitation the SM and RECO will confer with Board Staff and Rate Counsel regarding the projects proposed for selection. Thereafter, the SM will transmit its recommendations to the Board, setting forth the recommended proposals for award, with supporting documentation. The documentation will include: (1) a report from the SM including solicitation documents, a description of the solicitation process, and a summary of the recommended awards; (2) a ranked summary listing of key parameters (*e.g*., proposal identification, segment, kW, price, term, NPV, customer name, developer name/affinity), in-service date for all proposals recommended for award, including identification of the customer and project developer (if any); (3) a ranked summary listing of key parameters associated with projects NOT selected for award based on price (*e.g*., proposal identification, segment, kW, price, term, NPV); (4) a summary listing of key parameters associated with projects disqualified for various reasons (*e.g*., ineligible siting, legacy system, deficient proposal); and (5) summary of the other relevant parameters associated with the recommended SREC II-PSAs for the round of solicitation in question, and cumulative totals for the SREC II Program.

Q. When does RECO plan to offer the program to Program Participants?

A. RECO will introduce the SREC II Program as soon as practicable following Board approval, and as authorized by necessary Board Orders, and subject to coordination with ACE and JCP&L.

Q. How will the SREC-based solicitation process be communicated to the market?

A. RECO will work closely with the OCE, ACE and JCP&L to coordinate communications to the solar industry, through meetings and other industry venues. Information about the solicitations will be distributed electronically, and posted to both the www.NJCLEANENERGY.com website, and a site for the RECO solicitations. A frequently asked questions ("FAQ") document will be developed for solar contractors and/or project developers to use in communicating this new option to customers and/or financing organizations. The Company will continue to communicate directly with industry professionals to encourage their participation in the SREC II Program.

III. THE SREC PURCHASE AND SALE AGREEMENT

Q. What is the form of SREC II-PSA that Program Participants will enter into with RECO?

A. The proposed form of SREC II-PSA, which sets forth the rights and obligations of the parties (*i.e.*, the Program Participant on the one hand, and RECO, on the other hand) is provided as Exhibit C to the Verified Petition. As part of the approval process for the Verified Petition, RECO requests that the Board approve the form of the SREC II-PSA, after which it will be a non-negotiable agreement, in a process similar to that employed in connection with the Supplier Master Agreements in the Basic Generation Service proceeding and in SREC I. As a result, Program Participants must submit with their applications a commitment to execute the approved SREC II-PSA, with appropriate names, contract term and SREC purchase price completed, within ten business days of award.

Q. Can projects receiving long-term SREC II-PSAs expand capacity and generate additional SRECs to be purchased under the PSAs?

A. No. SREC II-PSAs will include a limit on the number of SRECs to be purchased under the agreement based on the SREC generating capacity of the proposed project included in the solicitation documentation.

Q. What happens to projects after the SREC II-PSA term expires?

A. If Program Participants generate SRECs from their projects after expiration of the term of the SREC II-PSA, they would be free to sell SRECs into the open SREC market to the same extent as a project not participating in the Program, e.g., , subject to the limitation of the SREC qualification life or statutory or regulatory limitations.

Q. What provisions in the SREC II-PSA mitigate the risk that projects receiving SREC purchase commitments under the Program will not be constructed and the corresponding risk of shortfall in contracted-for capacity?

A. The Company cannot guarantee that projects receiving commitments ultimately will be built. However, to reduce the risk of uncompleted projects (which occurred in SREC I), after contract award, RECO proposes to require, in addition to execution of the SREC II-PSA, that selected Program Participants pay a refundable deposit. The deposit will be established by multiplying the system capacity by $75 per kW. Upon successful completion of projects, the refundable deposit will be returned to the Program Participants following generation of the project's initial SREC. Projects that are not completed would forfeit the deposit, which would be credited to the RGGI Surcharge as an offset to program costs. The SREC II-PSA also includes a provision relieving the Company of its purchase obligation in the event projects are not completed within 12 months of the PSA execution, which could enable the unconstructed MWs to be included in future solicitations so as to mitigate the shortfall created by any uncompleted projects. In addition, projects that do not remit the refundable deposit within 15 business days of project award will be rejected and not offered an executable SREC II-PSA. Projects that do not execute the SREC II-PSA within ten business days following notification from the Company of the expiration of the appeal period of the Board Order approving the awards will also be rejected and the SREC II-PSA will be deemed null and void.

Q. Under what other circumstances can a validly-executed PSA terminate?

A. If RECO's right to full cost recovery is terminated, or if other amounts previously approved for recovery by RECO are disallowed, or if the project's SRECs no longer qualify toward the RPS requirements, then RECO may terminate the SREC II-PSA in its entirety. In addition, the SREC II-PSA includes provisions for attempting to amend the SREC II-PSA in the event of a regulatory change.

IV. <u>DESCRIPTION OF THE SREC II-PSA ADMINISTRATION PROCESSES</u>

Q. Please describe how the executed SREC II-PSAs will be administered.

A. RECO's administrative tasks will include collecting from participating customers the metered gross output of the projects through the monthly meter reading process. A RECO-owned meter will record the electrical output of the solar project. Customers will be required to install the appropriate meter enclosure adjacent to the existing RECO meter. The Company will, at the customer's or project developer's cost, provide and install the meter to record the SREC generation of the solar project. The Company will transfer the recorded kWh generation amounts in the PJM GATS system for each project that will create the SRECs at the end of each monthly period. The PJM GATS system has an algorithm in place so that the recorded generation aligns with the monthly estimated projection for the indicated size solar installation. SRECs will be tracked using the PJM GATS platform. The Company will pay customers or project developers for the SRECs their project delivers over the term of the SREC II-PSA, or until the project otherwise ceases to operate.

RECO will be the party responsible for recording, registering, and compensating the solar entity for recorded SREC generation. For this reason, RECO does not support the use of metering devices that are owned and maintained by others and that are outside of the direct control of the Company.

Q. Will any of the work associated with the program be outsourced?

A. RECO plans to contractually outsource solicitation services under the SREC II Program to the SM, which it plans to do on a coordinated basis with ACE and JCP&L. The costs associated with the SM in connection with the solicitation are Program Administration Costs which are included in the calculation of the Solar Developer Fee.

Q. What work, that will not be outsourced, will be required to support the approved SREC II-PSAs?

A. The Company has already developed most of the processes that will be required to (1) establish and administer additional RECO PJM GATS account(s); (2) execute the GATS Schedule A; (3) enter system generation into the RECO PJM GATS account; (4) administer project agreements; and (5) remit payments to Program Participants for the SRECs produced over the term of the SREC II-PSA, or until the project otherwise ceases to operate; and (6) monitor and refund deposits as needed.

Q. Will RECO need to add staff to support the work associated with the SREC II projects?

A. To date, RECO has managed the increased administrative tasks associated with the SREC I Program with existing personnel. However, experience gained with the SREC I Program demonstrates that there are a number of tasks that require manual administration, and RECO may require additional staffing to support its SREC II Program. It remains to be seen whether sufficient efficiencies can be instituted with SREC II, which will have a greater capacity than SREC I, to avoid adding staff for administration of the above processes. Specific staffing numbers and organizational responsibilities are still under development.

Q. Can RECO estimate its administrative costs for the SREC II Program?

A. Yes. RECO estimated its' internal and outsourced Program Administration Costs, including administrative, marketing and sales costs, as well as costs associated with program implementation. Internal and contracted Program Administration

Costs will be based on the number of Program Participants and transaction requirements associated with the SREC II-PSAs. An estimate of RECO's Program Administration Costs for the SREC II Program is provided as Schedule DEK-3, based on the Company's experience with SREC I. Based on this estimate, RECO has proposed the Solar Developer fee of $30 to offset those costs. Actual administrative costs for RECO SREC I are provided as Schedule DEK-4, for reference purposes.

Q. Has RECO developed any other fees to be assessed to Program Participants that offset costs of administering the Program?

A. Yes, as discussed earlier, RECO has proposed a reasonable Application Fee of $150 dollars to offset the costs of the solicitation and other Program Administration Costs and a Contract assignment fee of $1,000 per assignment to offset the costs of legal work necessitated by an assignment.

Q. How will the SRECs purchased by RECO pursuant to the SREC II-PSAs be sold?

A. RECO will sell the SRECs it purchases through the statewide auction process developed in connection with PSE&G's solar loan program in Docket No. EO07040278. This is the same auction process that RECO currently uses for SREC I.

Q. How will revenues from the sale of SRECs compare to the costs for purchase of SRECs under the agreements, i.e. what will be the net costs of the SREC II PSAs that will be recovered from ratepayers?

A. It is very difficult to answer this question, as any RECO estimates of pricing for SREC purchases or sales would be purely speculative. The net costs associated with the SREC II-PSAs will be driven primarily by offered and approved prices for SREC purchases and the future auction prices for SREC sales, both of which are subject to competitive market forces.

Pricing for sale of SRECs in the near term will be influenced primarily by the supply/demand balance of SRECs in the market as well as recent legislation approved July 23, 2012 (P.L. 2012, c. 24, Senate No. 1925) modifying solar Renewable Portfolio Standard ("RPS") requirements and establishing Solar Alternative Compliance Payment ("SACP") levels. In SREC I, the Company has experienced SREC purchase prices in excess of auction prices in recent sale auctions. However, that is largely reflective of the fact that SREC prices were extremely high during solicitation of projects when demand exceeded supply. Projecting the long-term difference between purchase and auction sales prices would be purely speculative, although recent lower SREC prices (due to market over supply and lower SACPs) could reduce impacts to ratepayers if such lower prices continue and are reflected in the PSA awards.

It is worth noting that the Company's SREC II Program is proposed pursuant to the Board's May 23, 2012 Order, wherein it considered various factors including potential rate impacts and directed the EDCs to proceed with proposals for extended SREC-based financing programs.

Q. What is the process for resolving any Program Participant complaints concerning the SREC II Program?

A. RECO has not experienced an appreciable number of complaints in its SREC I Program. Minor issues have been resolved informally. RECO will continue to resolve disputes with Program Participants informally in the first instance. Disputes that involve the administration of agreements under the SREC I Program that cannot be resolved informally will be resolved through the Board's existing process for Program Participant complaints. Ultimately, absent resolution through these channels, the standard agreement will provide for binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA").

Q. What is the exit strategy when the solicitations are over? What is the exit strategy when SREC II-PSAs expire?

A. After RECO's solicitations of allocated capacity during the three-year solicitation period are concluded, RECO will continue to administer the executed SREC II-PSAs during the terms of the contracts, but will cease soliciting offers for new SREC II-PSAs. Once the SREC II-PSAs expire, RECO will have no obligation to purchase SRECs from the projects, and the Company anticipates no issues with reverting the rights to any future SRECs generated by the projects to the project owners.

V. BENEFITS AND INCENTIVES

Q. Please describe the benefits of the proposed SREC II Program, including a description of the barriers these commitments will address to support development of solar generating projects.

A. According to solar project developers, one of the identified barriers to solar development is the lack of long-term SREC contracts that facilitate project financing at attractive rates, thereby improving project economics. The SREC II Program will support the availability of contracts that provide sufficient certainty to collateralize projects for financing purposes. More recently, the over-supply of SRECs has been brought on by project development well beyond that anticipated, leading to the decrease in the price of SRECs. Lower SREC prices reduce project economics and increase project risks, thereby reducing available financing. This has precipitated action by the New Jersey Legislature (P.L. 2012, c. 24, Senate No. 1925) to attempt to avoid a decline in solar development and, potentially, the solar industry in New Jersey.

Other Program elements that will address barriers include:

- Ratepayers will benefit from additional solar capacity that supports lower electric supplier pricing.
- Lower purchase prices under EDC SREC II-PSAs will demonstrate the benefits of long-term contracting to suppliers, and reduce costs.
- The proposed solicitations are temporary and limited in scope and scale, to support evolution of other market-based independent initiatives. The proposed long-term SREC-based financing solicitations represent an interim step in that development process, designed to help transition the State's solar industry to market-based processes, as well as sustain solar industry jobs in New Jersey.

Q. What impact will the proposed program have on the competitive market for solar project development and financing services?

A. It is expected that the SREC II Program proposed by RECO will further support solar project development and financing within its service territory. This Program will facilitate solar project financing through long-term SREC II-PSAs. These long-term SREC II-PSAs will provide various segments of the solar industry with access to capital markets, including private investors, banks or other financial institutions.

The Company expects that the solicitations will increase customer and project developer confidence, experience and participation in SREC-based financing.

Q. Are there any environmental benefits associated with the program?

A. Yes. The Board's premise for directing EDC intervention through the execution of SREC II-PSAs is that the renewable energy (and SRECs) associated with the contracted projects are otherwise unlikely to be generated in a timely manner. As market-based processes for quantifying the value of environmental benefits are still being developed, however, RECO has not placed a value on the range of potential impacts. RECO estimates the environmental benefits of the SREC II Program will reduce CO_2 emissions by approximately 26,000 tons per year.

Q. How does the program compare with OCE Clean Energy programs?

A. New Jersey Clean Energy programs provide various types of support, including certification of SREC-generating projects, but they do not involve SREC-based purchase commitments. In that sense, the proposed long-term SREC II-PSA program is complimentary, but distinct from other existing Clean Energy programs. The lack of comparable existing OCE programs is reflected in the

Board's May 23, 2012 Order directing the EDCs to propose extended SREC-based financing programs.

Q. Will this program be coordinated with OCE programs?

A. Yes. During the implementation of the SREC I Program, RECO coordinated many of the processes and communication with the OCE and the Clean Energy Program Renewable Program Manager, or its successor. That process will continue in SREC II.

Q. How does the program compare with other utility programs?

A. We are aware of a similar program available in Delaware that was approved in late 2011 and implemented in 2012 for projects eligible to create Delaware SRECs. All the specifics of that program are not known. However, it appears that certain project segments are required to submit a competitive bid while other segments for smaller projects have a pre-set clearing offer price.

RECO's SREC II Program does not provide more common forms of support or subsidy, such as rebates or loans for direct construction of renewable facilities. The SREC II Program is different from utility loan programs in that the proposed long-term SREC II-PSAs demonstrate model agreements that might be useful to energy suppliers that choose to engage in long-term contracting in the fully-competitive market. As discussed above, the SREC II Program is comparable to the expired, Board-approved SREC I programs implemented by RECO, ACE, and JCP&L.

Q. How does the program support the current New Jersey Energy Master Plan ("NJEMP")?

A. The NJEMP has defined goals for increased reliance on solar power as an energy source, as well as some limitations designed to reduce the impact of solar siting on pristine farmland. The SREC II Program will only allow grid-connected projects to be sited on closed landfills or brownfields that have electric infrastructure with sufficient capacity and electrical characteristics necessary to support the solar generation. In addition, the NJEMP recognizes that additional utility solar programs may be necessary during the transition of the solar industry to a fully-competitive model. Indeed, the NJEMP (at 108) states that "[t]he Administration supports an extension of this [EDC SREC contracting] program."

Q. Does RECO propose to receive incentives for the successful performance of the program?

A. Yes. RECO proposes to receive the same SREC Transaction Fee of $39.11 per SREC that was approved in the SREC I Program. In the SREC II Program, however, the Company proposes to collect the SREC Transaction Fee from Program Participants for each SREC purchased. Specifically, at the time of purchase, the Company will deduct the SREC Transaction Fees from the proceeds it pays Project Participants for SRECs pursuant to the SREC-II PSAs

Q. Why is this incentive necessary and appropriate?

A. Without the SREC Transaction Fee, EDCs have no affirmative incentive to dedicate the resources necessary to extend (and expand) their SREC-based financing programs, or to enter into the SREC Based Financing Program PSAs. SRECs procured through this program cannot be retained by the EDC to meet other obligations. SRECs procured through this program are required to be sold (through the EDC SREC Auction) and the proceeds from those sales are returned to the program budget to offset the RGGI requirement. In fact, EDCs have some disincentives. EDC participation in long-term SREC II-PSAs could conceivably have some impact on investor perception of EDC regulatory risk, distribution revenues, resources, and financial balance sheets.

Regulatory actions affirming the prudence of these agreements and an opportunity for incentives is fundamental to addressing potential perceived risks and barriers to EDC support for SREC-based financing. Performance-based shareholder incentives recognize the Company's support for an initiative that will help to maintain the solar industry in New Jersey, while customers will benefit directly from solar capacity that meets public policy goals and supports lower electric supplier pricing.

RECO believes that maintenance of the $39.11 Transaction Fee is eminently reasonable. As noted by the Company during consideration of the SREC I Program (testimony of Company witness Jane Quin (at 20-21)), the Company has no incentive to enter into long term SREC II-PSAs and some significant disincentives. RECO, as an EDC, has a negligible obligation to procure any SRECs and limited opportunity to gain economic benefits from SREC purchases, since portfolio obligations are primarily the responsibility of energy suppliers. On the contrary, EDC intervention could have some impact on perceived EDC regulatory risk, distribution revenues, resources and (to some extent) financial balance sheets. The Board has already approved that fee level in the SREC I Order (at 9), upon approval of a Stipulation by interested parties, as "reasonable and appropriate" for the similar SREC I Program, and the SREC II Program will require additional efforts due to its expanded capacity and new program segments. Further, although I am not an attorney, it is my understanding that such an incentive is consistent with N.J.S.A. 48:3-98.1, which is often referred to as the "RGGI law."

Q. What data will you collect to track benefits from the SREC II Program?

A. The solicitation and auction processes will require tracking the prices, volume and program cost impacts of SRECs procured and sold through the SREC II Program. The solicitation approval process will require reporting on the number of participants and projects, SREC purchase pricing, project size and the volume of project SREC deliveries.

Q. Does this conclude your testimony?

A. Yes.

Attachment A

Donald E. Kennedy

PROFESSIONAL AND EDUCATIONAL BACKGROUND

I am the Director of Energy Services for Orange and Rockland Utilities, Inc. ("Orange and Rockland") in the Customer Service Organization. I have over seven years experience developing and implementing programs supporting the Customer Service Department, including energy efficiency, demand response programs, net metering and renewable resources. I have been employed by Orange and Rockland since 1981 in a variety of capacities, including meter reading supervisor, manager of customer accounting, director of customer assistance and director of new construction services. In my current capacity, I am responsible for energy efficiency and retail choice programs for Orange and Rockland and its utility subsidiaries, Rockland Electric Company and Pike County Light & Power Company. I have represented Orange and Rockland and Rockland Electric Company in numerous regulatory proceedings. I was awarded a Bachelor of Science Degree from the State University of New York, Empire State College and an MBA from Walden University.

Solar II, SREC Based Financing Program – Proposed Solicitation Schedule

	Capacity Seg. 1	Capacity Seg. 2	Capacity Seg. 3	Capacity Seg. 4
• Year One				
– Solicitation 1	.05357 MW	.1875 MW	.5 MW	1.5MW
– Solicitation 2	.05357 MW	.1875 MW	.5 MW	0.00
• Year Two				
– Solicitation 1	.07143 MW	.1875 MW	.5 MW	0.00
– Solicitation 2	.07143 MW	.1875 MW	.5 MW	0.00
• Year Three				
– Solicitation 1 and 2	As needed to fill unsubscribed capacity			

RECO proposes to allow up to a 20% variance in total award capacity for each segment in each solicitation vs. the solicitation caps if bids are competitively priced.

Unsubscribed capacity from one solicitation will be carried forward to the next solicitation, remaining within that segment for years one and two. After year two, unsubscribed capacity will be made available to other segments based on demand.

Schedule DEK-2

Rockland Electric SREC Based Financing II
Solicitation Schedule

	Projects Awarded	Year One	Year Two	Year Three
	Residential Segment	15	20	0
	Small Commercial Segment	15	15	0
	Large Commercial Segment	5	5	0
	Landfill, Brownfield - Grid Connected	1	0	0
	Total	36	40	0

Av. Project Size kW	kW Awarded	Year One	Year Two	Year Three
7.14	Residential Segment	107.14	142.86	0
25	Small Commercial Segment	375.00	375.00	0
200	Large Commercial Segment	1000.00	1000.00	0
1500	Landfill, Brownfield - Grid Connected	1500.00	0.00	0
		2982.14	1517.86	0

Schedule DEK-3

Rockland Electric SREC Based Financing II
Estimated Cost Schedule

Line #		Operating Costs Incremental O&M Expenses & Capital Investment (RGGI cost catagories)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Cumulative Program Spending
1	Program Expenses	Admin & Program Development (Utility Costs)*	$100,500	$103,515	$106,620	$109,819	$113,114	$116,507	$120,002	$123,602	$127,310	$131,130	$135,064	$139,116	$143,289	$1,569,588
2	Program Expenses	Marketing & Sales (includes Call Center, Bill Inserts & Website)**	$0	$10,000	$10,000	$5,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$25,000
3	Program Expenses	Training	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4a	Program Expenses	Customer Rebates, Grants & Other Direct Incentives*** (SREC Purchase)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5	Program Expenses	Contracted Processes, Inspections and Other Quality Control****	$0	$25,000	$40,000	$40,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$240,000
6	Program Expenses	Evaluation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
7		**Total Estimated O&M Expenses (Line 1-6)**	$100,500	$138,515	$156,620	$154,819	$128,114	$131,507	$135,002	$138,602	$142,310	$146,130	$150,064	$154,116	$158,289	$1,834,588
8a	Program Income	Developer Fees Adm	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
8b	Program Income	Developer Fees (utility incentive)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
9	Program Income	**Total Developer Fees (Line 8a + 8b)**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10	Program Income	Application Fees Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
11	Program Income	Assignment Fee Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
12	Program Income	Revenue from SREC sale (auction)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
13		**Total Estimated Progam Income (Line 9+10+11+12)**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
14		**Total Estimated Program Costs to RGGI (Line 7 minus Line 13)**	$100,500	$138,515	$156,620	$154,819	$128,114	$131,507	$135,002	$138,602	$142,310	$146,130	$150,064	$154,116	$158,289	$1,834,588

Schedule DEK-4

ROCKLAND ELECTRIC COMPANY

ECONOMIC STIMULUS ENERGY EFFICIENCY PROGRAM

PROGRAM SPENDING

	2010	2011	2012 through Nov.
Program Implementation Spending	78,869	66,424	20,588
Program Incentive (Customer)	0	96,770	858,792
Administration	7,285	19,035	30,465
Marketing	0	0	0
Evaluation	0	0	0
Utility Incentives (SREC Transaction Fee)	0	5,906	65,822
PROGRAM TOTALS	86,154	188,134	975,668

Rockland Electric Company
Testimony of
Cheryl Ruggiero

Q. Please state your name and business address.

A. My name is Cheryl Ruggiero and my business address is 4 Irving Place, New York, New York 10003.

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

A. I am employed by Consolidated Edison Company of New York, Inc. ("Con Edison"),, an affiliate of Rockland Electric Company (the "Company"), where I hold the position of Project Manager in the Rate Engineering Department.

Q. Please provide your educational background and professional experience.

A. In 2000, I graduated from Polytechnic University with a Bachelor of Science degree in Electrical Engineering. In 2009, I graduated from Baruch College with a Master in Business Administration degree in Finance and Investments. I joined Con Edison in 2000 as a Management Intern with rotational assignments in Electric Operations, Engineering Services, and Gas Operations. In July 2001, I accepted a position as Associate Engineer - A in Distribution Engineering. In November 2005, I accepted a position as Senior Analyst in Rate Engineering. I was promoted to my current position in May 2012.

Q. Have you ever previously sponsored testimony before the New Jersey Board of Public Utilities ("Board") or any other state utility commission?

A. Yes. I testified before the New York State Public Service Commission and I have also submitted testimony before the Pennsylvania Public Utility Commission.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to describe the Company's proposed mechanism to recover the net costs associated with its proposed extension of the existing SREC[1]-Based Financing Program ("SREC II Program").

Q. How will net costs associated with the SREC II Program be determined?

A. Pursuant to the Board's Order dated May 23, 2012,[2] the Company will enter into long-term contracts to purchase SRECs from solar project customers and/or developers. It is anticipated that contract payments would be made on a periodic basis in accordance with the specific terms of each contract. The Company would expense these costs as incurred. The Company will resell the SRECs through the same auction process established in the Board-approved original Company SREC Program in Docket No. EO09020097 with modifications as outlined in the testimony of Company Witness Kennedy. The net auction proceeds (defined as the value realized from the sale, less transaction costs) will be recorded as revenue in the normal manner.

In addition to contract payments and net auction proceeds, net costs associated with the SREC II Program will include:

- Costs associated with retaining the services of a third-party to conduct the SREC solicitation process;
- Incremental costs associated with the administration of SREC contracts entered into through the solicitation process (e.g., any required contractor labor or incremental internal labor);

[1] A Solar Renewable Energy Certificate ("SREC") is a certificate that represents one megawatt-hour ("MWh") of solar energy that is generated by a facility connected to the distribution system in this State and has value based upon, and driven by, the energy market. *N.J.S.A.* 48:3-51.

[2] I/M/O the Review of Utility Supported Solar Programs, Docket No. EO11050311V, Order (dated May 23, 2012) ("May 23, 2012 Order").

- Incremental costs associated with participation in the statewide SREC auction process, including any required contractor labor or incremental internal labor;
- Costs associated with any required improvements to the Company's billing/customer information management system required to implement the SREC II Program (i.e., capital, as well as incremental operating costs); and
- SREC Transaction Fees.

All revenue and incremental expenses associated with the SREC II Program will be analyzed to determine the net costs. The net costs will be deferred in a regulatory asset/liability account. The regulatory asset/liability account also will include the shareholder incentive and interest on the average over/under deferred balance.

Q. How will the net costs of the Company's SREC II Program be recovered from customers?

A. Consistent with the SREC I Program, the Company proposes to recover the net costs associated with the SREC II Program through a component of the RGGI Surcharge mechanism. Attached to this testimony are proposed RGGI Surcharge tariff leafs describing the proposed RGGI Surcharge mechanism. The SREC component of the RGGI Surcharge ("SREC Component") will be set annually based on the Company's forecasted net costs associated with the SREC II Program, adjusted for any prior over- or under-recoveries including interest, and a forecast of the Company's kWh deliveries to customers for the period in which the SREC Component will be in effect. The resulting rate in cents per kWh will be increased to reflect Sales and Use Tax.

Q. How is the SREC Component of the RGGI Surcharge designed?

A. The SREC Component will be designed on a cents per kWh basis, applicable equally to all of the Company's service classifications and adjusted on an annual basis. The difference between the actual net costs associated with the SREC II Program and recoveries through the SREC Component will be deferred, with interest, for future recovery. Interest will be included in the deferred balance for both an over-collection and for an under-collection. Interest will be calculated as outlined in the Board's Order dated October 21, 2008, in Docket No. ER08060455, approving the 2008/2009 Universal Service Fund and Lifeline rates, i.e., the interest rate based on two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published) plus 60 basis points, but such rate shall not exceed the Company's overall rate of return as authorized by the Board.

The initial determination of the SREC Component will be made based on a forecast of net costs for the first twelve months of the program. Annual updates will be based on forecasted net costs for the succeeding twelve month intervals, plus true-ups for any prior period over- or under-collections and any prior year shareholder incentives. For instance, assuming that the SREC Component becomes effective beginning on June 1, 2013, the first twelve month period would begin on June 1, 2013 and run through May 31, 2014. The SREC Component for this initial period would be based on a forecast of net costs, to be incurred during the period. Filings for subsequent years would be made each March 1 based on a forecast of net costs, excluding shareholder incentives, to be incurred during the twelve month period beginning the following June 1, a true-up of costs and recoveries for the previous twelve month period, and any shareholder incentives for the previous twelve month period. In the event that the initial SREC Component becomes effective after June 1, 2013, the

Company proposes that the initial SREC Component would be designed such that it would remain in effect until May 31, 2014. In subsequent years, the Company proposes that the SREC Component would become effective on June 1 to coincide with the PJM Planning Year.

Q. Can you estimate the impact on customers' electric bills resulting from the SREC II Program?

A. No. The net costs to customers will be driven primarily by proposed pricing for SREC purchases and the auction price for SREC sales. Internal and contractor costs will be based on the number of participants and transaction requirements associated with the agreements, which at this time are unknown.

Q. Does this conclude your direct testimony?

A. Yes, it does.

Revised Leaf No. 58
Superseding Revised Leaf No. 58

GENERAL INFORMATION

No. 34 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") SURCHARGE

The RGGI Surcharge shall be applied to the kWh usage on the bills of all customers served under this Schedule. The RGGI Surcharge shall include the costs related to: (a) the Company's Energy Efficiency Stimulus Program ("EES Program") and (b) the Company's SREC Based Financing Program ("SREC Program").

The RGGI Surcharge to be effective on and after the date indicated below shall be set at (~~0.0045~~X.XXX) cents per kWh, including sales and use tax ("SUT"). The RGGI Surcharge includes the following rate components.

	RGGI Surcharge Rate Components (Cents per kWh)	
	Excluding SUT	Including SUT
EES Program	(0.0042)	(0.0045)
SREC Program	X.XXX	X.XXX
Total RGGI Surcharge	X.XXX	X.XXX

(a) EES Program

The EES Program component of the RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually by comparing the actual amounts subject to recovery to the actual amounts collected. Any difference will be included in the EES Program component of the following year's RGGI Surcharge. The difference between the actual monthly revenue requirement associated with the EES Program and actual recoveries through the EES Program component of the RGGI Surcharge will be deferred, with interest, for future recovery.

On September 1 of each year, the Company shall file with the Board the EES Program component of the RGGI Surcharge to be effective for the twelve-month period commencing the following January 1. The EES Program component of the RGGI Surcharge shall be set to recover any prior period over- or under-recovered balances, including interest, and to provide current recovery of the forecasted EES Program revenue requirement over the twelve-month period commencing the following January 1.

GENERAL INFORMATION

No. 34 REGIONAL GREENHOUSE GAS INITIATIVE (“RGGI”) SURCHARGE (Continued)

(b) SREC Program

The SREC Program component of the RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually by comparing the actual amounts subject to recovery to the actual amounts collected. Any difference will be included in the SREC Program component of the following year’s RGGI Surcharge. The difference between the actual monthly costs associated with the SREC Program and actual recoveries through the SREC Program component of the RGGI Surcharge will be deferred, with interest as calculated below, for future recovery.

On March 1 of each year, the Company shall file with the Board the SREC Program component of the RGGI Surcharge to be effective for the twelve-month period commencing the following June 1. The SREC Program component of the RGGI Surcharge shall be set to recover any prior period over- or under-recovered balances, including interest as calculated below, and to provide current recovery of the forecasted SREC Program costs over the twelve-month period commencing the following June 1.

Interest will be included in the deferred balance for both an over-collection and for an under-collection for the EES Program component of the RGGI Surcharge and will be calculated as determined by the Board in its Order dated October 21, 2008 in Docket Number ER08060455.

EXHIBIT C

SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT

THIS SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT ("Agreement"), dated as of___________, (the "Effective Date"), is made and entered into by and between Rockland Electric Company, a New Jersey corporation ("RECO" or "Purchaser" or "Us" or "We"), having offices at One Lethbridge Plaza, Suite 32, Route 17 North Mahwah, New Jersey 07458, and ____________________ , [a ________________] ("Seller" or "You"), having a [its] principal place of residence [business] at ____________________, New Jersey [Zip Code]. From time to time throughout this Agreement, each of Purchaser and Seller is referred to as, individually, a "Party" and together, collectively, as the "Parties" or "They."

BACKGROUND

A. The New Jersey Board of Public Utilities ("Board"), in its Order dated ___________ in Docket No. ___________ (the "SREC Contracting Order") approved RECO's SREC-based contracting program and authorized and directed RECO to enter into long-term contracts to purchase the solar renewable energy certificates ("SRECs") generated by solar photovoltaic generation projects (each a "Project") within RECO's service territory, which are installed, owned and operated by RECO customers or by solar project developers (each a "Project Developer") at RECO customer locations, which Projects have been selected under Board-approved procedures for an award of a SREC purchase contract.

B. Seller is either (i) a RECO customer who is, or has entered into an agreement with, a Project Developer for purposes of developing, designing, procuring, installing and operating a Project at the premises or the facility owned or operated by Seller, or (ii) a Project Developer that has entered into an agreement with a RECO customer to install, own and operate a Project at the premises or the facility owned or operated by the customer (in either case, the "Facility") physically located in the RECO service territory, as such Facility is identified in this Agreement as set forth in Appendix B attached hereto.

C. Seller's Project as specified in Appendix B ("Seller's Project"), has been selected for award of a SREC purchase contract.

D. RECO has agreed to purchase, and Seller has agreed to sell, the SRECs generated by Seller's Project under the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements hereinafter set forth, the Parties hereto agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein, shall have the meaning set forth in the General Terms and Conditions attached hereto as Appendix A ("General Terms and Conditions").

2. Term of Agreement. The term of this Agreement ("Term") shall commence on the Effective Date and shall terminate upon expiration of the Delivery Period, unless terminated earlier pursuant to the terms hereof.

3. Registration of Seller's Project.

A. You shall be responsible to construct Seller's Project, or to cause it to be constructed so that it may be registered, and to register Seller's Project, or cause it to be registered, with the New Jersey Clean Energy Program under the direction of the Board's Office of Clean Energy ("OCE").

B. You shall submit all required applications and other forms to OCE, as required by OCE, and You, at your sole cost and expense, shall cause OCE to inspect, or arrange for inspection of, Seller's Project in order for OCE to verify and certify that the SRECs generated by Seller's Project are eligible for use in complying with the New Jersey Renewable Portfolio Standards ("RPS") as set forth at N.J.A.C. 14:8-2.1 et seq., as amended, and as in effect from time to time during the Term of this Agreement, and You shall provide Us with a copy, or other acceptable evidence, of the OCE registration, inspection and certification confirming and verifying that Seller's Project is capable of producing RPS-eligible SRECs.

4. Creation of SRECs.

A. When (i) Seller's Project has been constructed, and registered, inspected and certified, with and by, OCE as capable of producing SRECs eligible for use in complying with the RPS, (ii) the Conditions Precedent as set forth in Section A of the attached General Terms and Conditions have been satisfied, completed or waived by Us, and (iii) you have delivered your written notice to Us that Seller's Project is operational, You shall begin to sell and deliver SRECs to Us.

B. An "SREC" is a Solar Renewable Energy Certificate, which is issued by PJM-EIS-GATS (as defined in Section G of the General Terms and Conditions) on a monthly basis, representing one megawatt-hour of solar energy that is generated by a facility connected to the distribution system in New Jersey and has value based upon, and driven by, the energy market. Such solar energy generation is tracked through monthly meter readings in accordance with applicable PJM-EIS-GATS Operating Rules and other related requirements.

C. For purposes of this Agreement, only meter readings from the SREC Meter (as defined in Section A.6 of the General Terms and Conditions), and not engineering estimates, shall be accepted as the basis for establishing the actual amounts of generation from Seller's Project for purposes of determining the number of SRECs issued by PJM-EIS-GATS for Seller's Project during the Term of this Agreement.

5. Delivery Period. The "Delivery Period" begins on the first day of the first PJM-EIS-GATS Generation Month (i) after You deliver written notice to Us that Seller's Project

is operating and able to generate SRECs and deliver them pursuant to the terms of this Agreement and (ii) after satisfaction and/or completion by You, or waiver by Us, of the Conditions Precedent (such date being the "Commencement Date"). The Delivery Period shall terminate at 11:59 p.m. on the date that is [10, 9, 8] years (*i.e.*, 120, 108, 96 months) following the Commencement Date. Each twelve consecutive months following the Commencement Date shall be a "Contract Year." The term "PJM-EIS-GATS Generation Month" means any month in which SRECs are issued in PJM-EIS-GATS for Seller's Project. The first PJM-EIS-GATS Generation Month is the first full month in which SRECs are issued in PJM-EIS-GATS for Seller's Project.

6. Purchase and Sale Obligation.

A. You hereby agree to sell and deliver to Us, and We hereby agree to purchase and take delivery of, the SRECs produced from Seller's Project as and when such SRECs are created by, and through, the actual generation of one megawatt hour of electricity by Seller's Project, as registered on the SREC Meter and as reported to PJM-EIS-GATS, during the Term of this Agreement (the "Transferred SRECs").

B. Only whole (as opposed to fractional) Transferred SRECs shall be considered eligible for payment under this Agreement.

C. In addition to Seller's sale and Purchaser's purchase of SRECs, Purchaser, without the payment of any additional consideration to Seller, shall receive title to, and Seller shall convey to Purchaser, any and all right, title and interest in and to Environmental Attributes associated with the electricity generated by the Seller's Project. For purposes hereof, "Environmental Attributes" excludes electric energy and capacity produced, but includes any emissions, air quality, or other environmental or renewable attribute, aspect, characteristic, claim, credit, benefit, reduction, offset or allowance, howsoever entitled or designated, resulting from, attributable to or associated with the generation of energy by a solar renewable energy facility, whether existing as of the date of the SREC Contracting Order or in the future, and whether as a result of any present or future local, state or federal laws or regulations or local, state, national or international voluntary program. If during the Delivery Period, a change in laws or regulations occurs that creates value in Environmental Attributes, including but not limited to any associated tax references and benefits, then at Purchaser's request, Seller shall cooperate with Purchaser to register such Environmental Attributes or take other action necessary to obtain the value of such Environmental Attributes for Purchaser.

D. We shall not purchase any energy or capacity from Seller's Project under this Agreement. This Agreement also makes no commitment by Purchaser for net metering of the Seller's Project, which is subject to requirements of Board rules and the Purchaser's tariff.

7. Assignment of SRECs. In furtherance of Your Agreement to sell the Transferred SRECs to Us for the Term of this Agreement, You hereby assign to Us, free and clear of all liens, security interests, encumbrances, and Claims (as defined in Section M of the attached General Terms and Conditions) or any interest therein or thereto held by a third party, all of Your rights, title and interests in the Transferred SRECs.

8. Quantity of SRECs.

A. During each Contract Month of each Contract Year, You shall sell and deliver to Us, and We shall purchase and accept delivery of, 100% of the total Transferred SRECs produced by Seller's Project, if any, during each such Contract Month of each Contract Year, up to, but not in excess of, that amount determined on an Energy Year basis, and resulting from the following calculation: (i) multiply the Size of the Project, as stated in Appendix B, expressed in kilowatts (i.e., kWs) by (ii) 1,300 hours, and (iii) divide the result of the multiplication of (i) and (ii) by 1,000 kilowatt hours (i.e., kWhs (1,000 kWh = 1 MWh)). The result of this calculation, rounded up to the next whole number of SRECs is the "Annual SREC Generation Capacity". The term "Energy Year" as used herein means the 12-month period from June 1st through May 31st, numbered according to the calendar year in which it ends. Where only a partial Energy Year shall have lapsed by the end of the first or last Contract Year, the calculation of the Annual SREC Generation Capacity shall be pro-rated for such partial Energy Year.

B. In the event that Seller's Project produces SRECs in excess of the Annual SREC Generation Capacity, We shall have the option, but not the obligation, to purchase up to the total of such excess SRECs at 50% of the Purchase Price. Unless We exercise such option, and then only to the extent of the number of excess SRECs we choose to purchase, excess SRECs shall not be treated, or paid for, as Transferred SRECs.

C. As used herein, "Contract Month" means each calendar month during the Delivery Period and, where the Commencement Date does not fall on the first day of a month, the remaining portion of such initial month.

9. Purchase Price for SRECs. We shall pay You $ ____ (U.S.) per Transferred SREC delivered to Us from Seller's Project during each Contract Month, after first deducting $69.11, for an SREC Transaction Fee of $39.11 and a Solar Developer Fee of $30.00, for each Transferred SREC we purchase ("Purchase Price").

10. Delivery of SRECs.

A. Subject to Section G of the General Terms and Conditions, You shall arrange for the Delivery of the Transferred SRECs to Us.

B. "Delivery" occurs when title and risk of loss related to Transferred SRECs has been transferred from You to Us and when the transfer of SRECs are properly recorded within the PJM-EIS-GATS and credited to Purchaser's PJM-EIS-GATS "Active Subaccount," as defined in the PJM-EIS-GATS Operating Rules. Pursuant to the assignment set forth in Section 7 above, You shall execute such forms or instructions as We and/or PJM-EIS-GATS shall require in order to Deliver all Transferred SRECs each month directly into Purchaser's Active Subaccount.

C. We shall be required to read the SREC Meter and provide SREC Meter reading data to PJM-EIS-GATS only as frequently as is necessary to allow for the appropriate recordation of the Transferred SRECs within PJM-EIS-GATS. In the event that such readings are not required to be made on a monthly basis, We shall agree upon an estimate of the amount of Transferred SRECs for each Contract Month for which there is no actual SREC Meter reading, and We shall pay you based upon such estimate, subject to reconciliation based on the next actual SREC Meter reading.

11. Payment for Transferred SRECs.

A. Notwithstanding the monthly Delivery of Transferred SRECs from You to Us, We shall pay You for such Transferred SRECs quarterly, by issuing a payment to You for the actual or estimated Transferred SRECs for the preceding Contract Quarter within 20 Business Days following the expiration of the Contract Quarter (*i.e.*, the 20th Business Day of the next Contract Month following the end of the applicable Contract Quarter, or in the case of the early termination or expiration of the term of this Agreement, the 20th Business Day of the month following the end of the calendar quarter in which such termination or expiration of the Term occurs). As used herein, "Contract Quarter" means each calendar quarter during the Delivery Period and, where the Commencement Date does not fall on the first day of the quarter, the remaining portion of such initial calendar quarter.

B. You shall have ten Business Days from receipt of the statement to contest the amount paid. If You in good faith dispute the correctness of a payment and the accompanying explanatory statement issued by Us, then You and We shall attempt in good faith to resolve the dispute promptly through negotiations. If it is determined that We have underpaid, then We shall pay You the amount that remains due and unpaid within ten Business Days of such determination.

C. As used herein, "Business Day" means any day other than a Saturday, Sunday or a Federal Reserve Bank holiday. A Business Day starts at 8:00 a.m. and closes at 5:00 p.m., local prevailing time in the New Jersey location of the Facility.

12. The General Terms and Conditions are attached hereto as Appendix A, and, by this reference, are made a part hereof.

IN WITNESS WHEREOF, and intending to be legally bound by the terms and conditions of this Agreement, the Parties have executed this Agreement as of the Effective Date hereof.

______________________________ Seller Name	ROCKLAND ELECTRIC COMPANY
By ______________________________ Name ______________________________ Title ______________________________	By ______________________________ Name ______________________________ Title ______________________________

APPENDIX A

GENERAL TERMS AND CONDITIONS

Capitalized terms not defined herein shall have the meaning set forth in the Agreement to which this Appendix A is attached and made a part thereof.

A. CONDITIONS PRECEDENT. Purchaser's obligations under this Agreement shall not become effective, and Seller shall forfeit any deposit paid to Purchaser as a condition to entering into this Agreement ("Deposit"), unless and until the following conditions are satisfied by Seller, in form and substance satisfactory to Purchaser and its counsel.

1. Execution and Delivery of Agreement. This Agreement and any associated material documents or other agreements, including, without limitation, an appropriate interconnection agreement, shall have been completed, duly executed and delivered by Seller to Purchaser. Seller shall return this executed Agreement promptly within the time frames specified by Purchaser in the notice accompanying, or issued in connection with, the delivery of this Agreement to Seller and the entry of a final and non-appealable SREC Contracting Order by the Board.

2. Other Documentation. To the extent Purchaser has requested such documentation, Purchaser shall have received all requested Seller's Project Documents (as defined in Section K of these General Terms and Conditions) with respect to Seller's Project, each duly executed by each person that is a party thereto, each of which Seller's Project Documents shall be in full force and effect, and in form and substance satisfactory to Purchaser.

3. Completion of Seller's Project. The installation of Seller's Project at the Facility shall have been completed; provided that Seller shall have previously notified Purchaser in writing that Seller's Project is substantially complete, and Purchaser, at its option and discretion, shall have verified within 14 days of Seller's notice that Seller's Project has achieved operation. For purposes of this Agreement, in the event the Commencement Date has not occurred within one year of the Effective Date, Purchaser shall have the right, exercisable upon written notice to Seller, to terminate this Agreement without further obligation or liability to Seller. Notwithstanding the foregoing, such one-year period may be extended, by Seller's submission to Purchaser, prior to the expiration of such one-year period, of a certification of Seller substantially in the form attached hereto as Appendix A-1 and by Seller's compliance with the requirements for such certification set forth in the Board's Order dated March 12, 2012 and the Stipulation of Settlement approved in that Order. Further extensions may be granted only by Order of the Board following formal petition to the Board for such further extension. Seller may seek review by the Board of a denial by Purchaser of an extension request, which shall be Seller's exclusive remedy in the event of a denial.

4. OCE Inspection Report. Seller, at its sole cost and expense, shall have arranged for and caused OCE to inspect and certify Seller's Project and shall have provided to Purchaser a complete copy of (i) the OCE inspection report with respect to Seller's Project installed at the Facility, (ii) the OCE certification of Seller's Project, and (iii) the final "as built" Project Documents.

5. Registration with PJM-EIS-GATS. If Seller is required by PJM-EIS-GATS to become an Account Holder, then Seller, at its sole cost and expense, shall have registered Seller's Project with, and shall have subscribed to, PJM-EIS-GATS, and shall have opened an Active Subaccount in accordance with PJM-EIS-GATS Operating Rules for purposes of making Delivery of Transferred SRECs to Purchaser, and Seller shall provide evidence of same to Purchaser.

6. The SREC Meter. Seller shall have arranged, at its sole cost and expense, for (i) RECO to install, own and maintain a RECO kilowatt-hour meter ("SREC Meter") at Seller's Project located in accordance with RECO's procedures and applicable regulatory standards, and capable of measuring the electricity generated from the continued operation of Seller's Project throughout the Term so as to be reported to, and subject to audit by, Purchaser and PJM-EIS pursuant to the PJM-EIS-GATS Operating Rules and other PJM-EIS requirements, as applicable, and (ii) net metering arrangements with RECO, if the Project is a net-metered project.

7. Certification Regarding Rebates. Seller shall have certified to Purchaser that it has not received, and will not receive, any rebates with respect to Seller's Project under the Customer On-Site Renewable Energy ("CORE") Program administered by OCE for the period 2001 through 2008.

8. No Defaults. No Event of Default under this Agreement or any other agreement applicable to Seller's Project has occurred and is continuing.

9. Continuing Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct as of the Commencement Date with the same effect as though made on such date, except, however: (i) for such changes as are specifically permitted hereunder; and (ii) to the extent made solely as of a previous date, such representations and warranties shall have been true and correct as of such previous date.

10. SREC Contracting Order. The Board's SREC Contracting Order, and/or any subsequent Board Order authorizing RECO to enter into such contracts and agreements, including, in particular, this Agreement, remains in full force and effect.

11. Deposit. Seller shall pay a refundable deposit of in the amount equaling $75 times the system capacity in kW. The deposit shall be refunded following successful completion of the Project and generation of the initial SREC.

B. INSPECTIONS. Prior to the Commencement Date and thereafter during the Term, Purchaser shall have the right, but not the obligation, to make inspections of Seller's Project, and/or retain a third party to make any such inspections on its behalf, and, following the Commencement Date, to verify that Seller's Project is being operated and maintained in accordance with prevailing industry standards. All inspections by Purchaser are for Purchaser's determination of completion of Seller's Project in accordance with Section A.3 above and otherwise for its internal purposes only, and are not to be deemed to constitute Purchaser's approval of Seller's Project and/or its continued operation.

C. <u>TAXES, FEES AND EXPENSES</u>.

1. <u>Application Fee.</u> Purchaser will charge to Seller and Seller shall pay to Purchaser a non-refundable Application Fee of $150 for each application to participate in a program solicitation.

2. <u>Assignment Fee.</u> Purchaser will charge to Seller and Seller shall pay an Assignment Fee of $1,000 for assignments of this Agreement and shall pay thereafter any additional costs (including but not limited to outside counsel and consultant fees) reasonably incurred by Purchaser . These costs will be billed directly to the counterparty under this Agreement that is seeking such assignment.

3. <u>Solar Developer Fee</u>. As described in Section 9 of the Agreement, Purchaser will charge to Seller and Seller shall pay to Purchaser a Solar Developer Fee of $30.00 per SREC purchased by RECO from Seller. The fee will be applied to each SREC purchase transaction between RECO and the Seller, by deducting $30.00 from the payment for each Transferred SREC purchased by RECO.

4. <u>SREC Transaction Fee.</u> As described in Section 9 of the Agreement, Purchaser will charge to Seller and Seller shall pay to Purchaser an SREC Transaction Fee of $39.11 per SREC purchased by RECO from Seller. The fee will be applied to each SREC purchase transaction between RECO and the Seller, by deducting $39.11 from the payment for each Transferred SREC purchased by RECO.

5. <u>Other Taxes, Fees and Expenses</u>. Seller shall pay any and all costs, fees, and expenses, including any and all Taxes and transaction costs, fees and expenses attributable to or arising from the sale of the Transferred SRECs under this Agreement and in order to (a) obtain the initial certification of the Transferred SRECs, including any inspections of Seller's Project in connection therewith, and (b) provide for the filing and recording of any instrument delivered by Seller to convey the Transferred SRECs to Purchaser. Purchaser shall pay any and all costs, fees and expenses incurred in connection with (i) the certification of the Transferred SRECs, if any, required with respect to any subsequent sale of the Transferred SRECs by Purchaser, (ii) any other certifications or third party verifications concerning the Transferred SRECs, and (iii) any and all Taxes and transaction costs, fees and expenses attributable to or arising from the subsequent sale of the Transferred SRECs by Purchaser. If Purchaser is required by law or regulation to remit or pay Taxes, which are Seller's responsibility hereunder, Purchaser may deduct the amount of any such Taxes from the sums due to Seller under this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under the law and for which it timely asserts and diligently pursues such exemption, until final determination thereof. "<u>Taxes</u>" means any and all new or existing privilege, sales, use, consumption, excise, transaction, and other taxes or similar charges, and any increases in the same, but "Taxes" does not include income taxes or other similar taxes based on income or net revenues.

D. <u>REPRESENTATION AND WARRANTIES</u>.

1. <u>Seller</u>. Seller represents and warrants that:

i. If Seller is not an individual, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it. "Constitutive Documents" means, with respect to any person that is a corporation, its certificate of incorporation or articles of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock; with respect to any person that is a limited partnership, its certificate of limited partnership and partnership agreement; with respect to any person that is a limited liability company, its certificate of formation and its limited liability company agreement; and with respect to any person that is a grantor trust, its trust agreement, in each case, as the same may be amended or modified and in effect from time to time;

ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

iv. No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

v. It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

vi. If Seller is the Project Developer, Seller has obtained and provided to Purchaser the written acknowledgement (in the form attached hereto as Appendix C) of the owner of the Facility ("Host") acknowledging for Purchaser's benefit that Seller has the right to locate Seller's Project at the Facility and that Host has (a) no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs, which are to be sold to Purchaser under this Agreement, (b) no right, title or interest in this Agreement, including, but not limited to any third party beneficiary rights, (c) no rights against Purchaser, and shall not look to Purchaser, with respect to any claim or damages with respect to any aspect of Seller's Project, including, but not limited to, the construction, operation or maintenance thereof at Host's Facility.

2. Purchaser. Purchaser represents and warrants that:

i. It is duly organized, validly existing and in good standing under the laws of the State of New Jersey, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this

Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

iv. No Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

v. It is acting for its own account pursuant to the directive of the Board as set forth in the SREC Contracting Order, and is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

vi. It has entered into this Agreement in compliance with the SREC Contracting Order and it has the capacity or ability to make or take delivery of all Transferred SRECs referred to in this Agreement.

E. FURTHER SELLER REPRESENTATIONS AND WARRANTIES. In addition to the representations and warranties of Seller made above, Seller also represents and warrants that (i) the number of Transferred SRECs credited to Seller's PJM-EIS-GATS Active Subaccount will be based on the energy generation from Seller's Project at the Facility based upon the reading of the SREC Meter, (ii) all Transferred SRECs produced by Seller's Project and sold to Purchaser hereunder shall be eligible for use in complying with the RPS as so certified by OCE or such other agent as designated and appointed by the Board from time to time, and (iii) Seller shall promptly notify Purchaser of any change in circumstance, which causes the foregoing representation and warranty to no longer be true, including providing a copy of any notice received from OCE or otherwise indicating or determining that the Transferred SRECs are no longer RPS-eligible ("Non-eligible SRECs"). Purchaser shall not be obligated to pay for Non-eligible SRECs, and Seller shall be responsible to reimburse Purchaser for any payments made to Seller for Non-eligible SRECs.

F. FURTHER ASSURANCES. Each of the Parties hereto agree to cooperate with the other and to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party, which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement.

G. PJM-EIS-GATS. This Agreement provides for the use of the PJM-EIS-GATS. For purposes of this Agreement:

1. “PJM” means the PJM Interconnection, a regional transmission organization that coordinates and directs the operation and ensures reliability of the high-voltage electric power system service all or parts of the territory consisting of the states of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

2. “PJM-EIS-GATS” means the electronic PJM Environmental Information Service-Generator Attribute Tracking System operated by the PJM-EIS-GATS Administrator to account for the creation, tracking and retirement of SRECs in the PJM “Control Area,” as that term is defined in the PJM-EIS-GATS Operating Rules.

3. “PJM-EIS-GATS Account” means a Party’s SREC account on PJM-EIS-GATS, as identified if applicable.

4. “PJM-EIS-GATS Administrator” means PJM Environmental Information Services, Inc., a wholly-owned subsidiary of PJM Technologies, Inc., or any successor thereto performing similar functions.

5. “PJM-EIS-GATS Operating Rules” means the Generation Attribute Tracking System (PJM-EIS-GATS) Operating Rules adopted by the PJM-EIS-GATS Administrator, as the same may be amended or modified and in effect from time to time by PJM-EIS-GATS.

6. In the event that PJM-EIS-GATS requires Seller to become an “Account Holder,” as defined in the PJM-EIS-GATS Operating Rules, then at Seller’s sole cost and expense, Seller shall become a PJM-EIS-GATS Account Holder and Seller shall open, maintain, or cause to be opened and maintained, until expiration of the Term, a Seller’s Active Subaccount into which Transferred SRECs from Seller’s Project may be deposited, and transferred to and from, in accordance with the applicable PJM-EIS-GATS Operating Rules.

7. If Seller is required to become an Account Holder, then each Month during the Delivery Period, no later than ten (10) Business Days after the Transferred SRECs are deposited into Seller’s PJM-EIS-GATS Account, Seller shall, in accordance with the PJM-EIS-GATS Operating Rules, cause all such Transferred SRECs generated in the relevant Contract Month to be made available for transfer to Purchaser’s PJM-EIS-GATS Active Subaccount. Within five (5) Business Days after Seller has caused all such Transferred SRECs generated in the relevant Contract Month to be made available for transfer to Purchaser’s PJM-EIS-GATS Active Subaccount, Purchaser shall confirm acceptance of the Transferred SRECs in accordance with the PJM-EIS-GATS Operating Rules.

8. If Seller is required to become an Account Holder, then title to the Transferred SRECs shall not pass from Seller to Purchaser until Purchaser confirms acceptance of the Transferred SRECs.

9. In the event that the processes and procedures set forth in this Agreement for the creation, issuance, verification, delivery and tracking of SRECs are no longer authorized by the Board or PJM-EIS-GATS, or both, the Parties agree to comply with, and act under and in accordance with, the Board’s then applicable rules and/or Orders pertaining to the creation, issuance, verification, delivery and tracking of SRECs by any successor entity or organization to PJM-EIS-GATS, as may be authorized from time to time by the Board.

H. FORCE MAJEURE.

1. Except as otherwise set forth in this Agreement, neither Party shall be liable for any failure or delay in performance of its respective obligations hereunder during the Delivery Period if and to the extent that such delay or failure is due to a Force Majeure Event. In the event of (i) a Force Majeure Event of 12 consecutive months duration, or (ii) Force Majeure Events cumulatively totaling 24 months, in which Seller fails to deliver any Transferred SRECs from Seller's Project to Purchaser, Purchaser shall have the right to terminate this Agreement without further liability to Seller, by giving Seller 15 Business Days written notice.

2. "Force Majeure Event" means any cause beyond the reasonable control of, and not due to the fault or negligence of, the affected Party and which could not have been avoided by the affected Party's reasonable due diligence, including, as applicable, war, terrorism, riots, embargo or national emergency; curtailment of or inability to obtain electric power transmission services or interconnection; fire, flood, windstorm, earthquake, or other acts of God; strikes, lockouts, or other labor disturbances (whether among employees of Seller, its suppliers, contractors, or others); delays, failure, and/or refusal of suppliers to supply materials or services; orders, acts or omissions of the PJM-EIS-GATS Administrator, as applicable; orders or acts of any Governmental Authority (as defined in Section P.2 hereof) (other than those orders and acts addressed under Section P of these General Terms and Conditions); changes in laws or regulations (other than those changes addressed under Section P of these General Terms and Conditions); or any other cause of like or different kind, beyond the reasonable control of Seller. Notwithstanding the foregoing, a Force Majeure Event shall not be based on Seller's ability to sell SRECs at a price greater than the Purchase Price, Purchaser's ability to purchase SRECs at a price below the Purchase Price, Purchaser's inability to resell the SRECs or any events addressed under Section P of these General Terms and Conditions.

I. ASSIGNMENT/DELEGATION. Neither Purchaser nor Seller shall assign this Agreement nor delegate any of its duties hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; otherwise any such assignment or delegation shall be voidable at the option of the other Party. Notwithstanding the foregoing, either Party may, without the prior consent of the other Party, (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements (and without relieving itself from liability hereunder), (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any person or entity (A) succeeding to all or substantially all of the assets of such Party, or (B) purchasing the Facility at or on which Seller's Project is located, provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request; provided further that the transferring party shall promptly provide the non-transferring party with notice in writing containing reasonably detailed information regarding the assignment, including instructions with respect to any applicable changes in names or addresses acknowledged in writing by the assignor and assignee. In requesting Purchaser to process an assignment hereunder, Seller shall submit payment to Purchaser of an assignment fee in the amount of $1,000 for each occurrence and shall pay thereafter any additional costs.

1. Financing Cooperation. Purchaser agrees, at Seller's sole cost and expense, to (i) cooperate with Seller in responding to or complying with the reasonable requirements or reasonable requests of any Financing Party with respect to the obligations of Purchaser

hereunder; provided, however, that such compliance will be only to the extent permitted under the SREC Contracting Order, (ii) provide reasonable assistance to Seller in complying with the reporting requirements set forth in any financing agreements of a Financing Party, and (iii) at any time, and from time to time, during the Term, after receipt of a written request by Seller, execute and deliver to Seller and/or any Financing Party, such estoppel statements (certifying, to the extent true and correct, among other things that (1) this Agreement is in full force and effect, (2) no modifications have been made, (3) no disputes or defaults exist, (4) no events have occurred that would, with the giving of notice or the passage of time, constitute a default under this Agreement, and (5) all amounts then due and owing have been paid) or consents to assignments of this Agreement by Seller as collateral security as may reasonably be required. "Financing Party" means any lenders or other third parties providing construction financing, long-term financing or other credit support in connection with the development, construction or operation of Seller's Project.

J. EVENTS OF DEFAULT; REMEDIES AND DAMAGES.

1. In the event ("Event of Default") of, or arising from, (i) the failure of either Party to make when due, any payment obligation required hereunder if such failure is not remedied within ten Business Days after written notice of such failure is given to the defaulting part (the "Defaulting Party") by the other Party; (ii) the failure of either Party to comply with any or all of its other respective obligations in good faith as herein set forth and such noncompliance is not cured within 30 Business Days after notice thereof to the Defaulting Party; or (iii) either Party (1) filing a petition in bankruptcy, (2) having such a petition filed against it, and (3) becoming otherwise insolvent or unable to pay its debts as they become due, the non-Defaulting Party may establish by written notice to the Defaulting Party a date on which this Agreement shall terminate early. The non-Defaulting Party may suspend performance of its obligations under this Agreement until such Event of Default is cured, or if the Event of Default is a failure to pay as set forth in clause (i) above, until such amounts have been paid, and if the non-Defaulting Party chooses to suspend performance Seller's right to receive payment, if applicable, is such Party's exclusion remedy for a failure to pay under clause (i) above.

2. If Seller fails to deliver any Transferred SRECs in any Contract Month, whether by reason of Force Majeure Event or otherwise, Purchaser shall have no obligation to pay Seller any amount for such Contract Month.

3. Except as otherwise provided herein, all other damages and remedies are hereby waived as to any Events of Default.

K. NO ASSUMPTION OF LIABILITIES. Purchaser shall not assume, and Seller shall retain and be responsible for, any and all liabilities and obligations of Seller of any kind or nature whatsoever with respect to Seller's Project, including, without limitation, any and all liabilities and obligations of Seller under Seller's Project Documents. "Project Documents" means this Agreement, OCE certifications and other evidence of OCE inspections of Seller's Project, and the executed project development agreement or other agreement between Seller and a Project Developer evidencing a legally enforceable obligation to develop, design, procure, and install a solar-powered photovoltaic generation system warranted to operate at the Facility for at least the Term of this Agreement, and, if Seller is a Project Developer, any applicable leases, easements, power purchase agreements between the Project Developer and Host and licenses evidencing Project Developer's rights of access and rights to develop, design, procure, install and operate a solar-powered photovoltaic generation system at the Facility and warranted to operate at the Facility for at least the Term of this Agreement.

L. LIMITATION OF LIABILITY. WITH RESPECT TO ANY LIABILITY HEREUNDER, NEITHER SELLER NOR PURCHASER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS, OR BUSINESS INTERRUPTION DAMAGES, WHETHER BY STATUTE, IN TORT OR IN CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

M. DISPUTES**.** Any Dispute or Claim arising hereunder not otherwise resolved by and between the Parties by good faith negotiations shall be presented for binding arbitration in Mahwah, New Jersey in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") using a single arbitrator jointly selected by the Parties unless the Parties are unable to agree to a single arbitrator within ten Business Days after commencing arbitration, in which case the arbitrator will be selected by the AAA. "Claims" means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent, or otherwise, that directly or indirectly relate to the subject matter of any dispute hereunder, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

N. NOTICES. Notices provided for or required under this Agreement shall be exercised in writing. The Parties shall be legally bound from the date the notification is exercised. Notices provided for or required in writing herein shall be delivered by hand or transmitted by facsimile or sent by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier. Notices hand delivered, shall be deemed delivered by the close of the Business Day on which it was hand delivered (unless hand delivered after the close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending of a Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. Eastern prevailing time on a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon receipt.

O. INDEMNITY. Each Party shall indemnify, defend and hold harmless the other Party from and against any Claims arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Transferred SRECs is vested in such Party as provided for in Section 10 of this Agreement. Each Party shall indemnify, defend and hold harmless the other Party against any Taxes for which such Party is responsible under Section C of these General Terms and Conditions.

P. REGULATORY AND TAX CHANGES

1. RECO Cost Recovery. The Parties recognize and agree that this Agreement and the amounts to be paid to Seller for SRECs hereunder, and the incurring of costs by Purchaser associated with this Agreement, are premised upon and subject to (i) RECO's continuing ability to timely and fully recover from its customers all amounts paid to Seller hereunder as well as administrative costs associated with this Agreement and all other amounts authorized to be recovered by RECO in the SREC Contracting Order, and (ii) the continuing validity of the certification and recognition by the Board of the SRECs generated by Seller's Project for purposes of RPS compliance, throughout the Term hereof.

2. Regulatory Changes. If the regulatory framework in effect as of the date hereof governing this Agreement and the program under which it was executed, whether such regulatory framework is set forth in regulations, the SREC Contracting Order, the Board Order approving this Agreement or otherwise, is amended or suspended by the Board or any other Governmental Authority and/or is otherwise no longer in force (collectively, a "Regulatory Change"), RECO will continue to purchase SRECs from Seller ONLY IF all of the following conditions are met: (a) Seller continues to produce and sell SRECs in accordance with this Agreement; (b) the terms in this Agreement governing the purchase and sale of SRECs remain in full force and effect; (c) despite the Regulatory Change, RECO continues to receive rate treatment and cost recovery, in terms of amounts to be recovered for its SREC-based contracting program, including, without limitation, recovery of amounts paid under this Agreement to purchase SRECs, administrative costs, carrying costs, additional recoveries authorized by the Board in the SREC Contracting Order, and incentives (including the SREC Transaction Fee), if any, and timeliness of recovery, that is no worse for RECO than was provided as of the date hereof. In the event that there is a Regulatory Change and all of the foregoing conditions (a), (b) and (c) are not met, then, either: (x) the Parties shall promptly thereafter commence negotiations, which shall not exceed a period of 30 days, to amend this Agreement, if possible, to conform to the Regulatory Change in a manner that does not cause RECO or its customers to be in a worse position than they would have been in had the regulatory framework and the rate treatment and cost recovery not been changed; or (y) upon 30 days prior written notice to RECO, Seller may terminate this Agreement and neither Party shall have any further liability or obligation hereunder except with respect to amounts due prior to the date of such termination. In the event that the Parties cannot negotiate an amendment to this Agreement that meets the requirements of clause (x) above, this Agreement shall terminate at the expiration of the 30-day negotiation period. "Governmental Authority" means the federal government, any state or local government or other political subdivision thereof (whether federal, state or local), any court and any administrative agency or other regulatory body, instrumentality, authority or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

3. Further Understandings. Notwithstanding the foregoing provisions of Section P.2 above, (a) Purchaser shall not be obligated to pay Seller hereunder during the pendency of any appeal with respect to any such Regulatory Change in the regulatory framework, and (b) any termination of this Agreement or any amendment to this Agreement shall be effective retroactively from the date such Regulatory Change, and Seller shall reimburse Purchaser for any amounts paid to Seller which exceed the amounts that should have been paid pursuant to the foregoing provisions of Section P.2 as a result of such final and non-appealable order regarding a Regulatory Change.

Q. FORWARD CONTRACT. Purchaser and Seller each acknowledge that, for purposes of this Agreement, it is a "forward contract merchant" and that all transactions pursuant to this Agreement constitute "forward contracts" within the meaning of the United States Bankruptcy Code.

R. NETTING AND SETOFF. If Purchaser and Seller are required to pay any amount under this Agreement on the same day or in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or any other contract between the Purchaser and Seller, if any, may be offset against each other, set off or recouped therefrom.

S. WAIVER. The failure of Purchaser or Seller to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a future waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect for the term of this Agreement.

T. ENTIRE AGREEMENT. This Agreement, together with any attachments or exhibits specifically referenced herein, constitutes the entire contract between Purchaser and Seller with respect to the subject matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Purchaser and Seller.

U. COMPLIANCE WITH LAWS. Seller and Purchaser shall comply with the provisions of all laws and any applicable order and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a Governmental Authority relating to this Agreement and the transactions hereunder.

V. GOVERNING LAW AND VENUE. This Agreement shall be construed, enforced, and performed in accordance with the laws of the State of New Jersey, without recourse to principles governing conflicts of law. Any lawsuit arising in connection with this Agreement shall be brought only in the state and federal courts of New Jersey.

W. AUDITING. During the Term, Purchaser may, at reasonable times and on reasonable notice, audit Seller's records pertaining to Seller's Project and the Transferred SRECs, and Seller shall maintain reasonable records relating to this Agreement for a period of two (2) years following termination of this Agreement.

X. EFFECTIVENESS OF CONTRACT. Purchaser's obligations under this Agreement shall not become effective unless and until the foregoing conditions are satisfied by Seller, in form and substance satisfactory to Purchaser, on or prior to the commencement Date.

APPENDIX A-1

CERTIFICATION

The undersigned, _[name]_, _[title]_ of _[name of developer]_ ("Seller"), hereby CERTIFIES as follows in connection with that certain Solar Renewable Energy Certificate Purchase and Sale Agreement, dated as of ________, 201[_], between Seller and _[name of EDC]_("SREC PSA") relating to the solar photovoltaic generation project ("Project") defined in the SREC PSA:

1. Engineering and design work for the Project has been completed.

2. (a) Construction permits for the Project have been approved by the authority having jurisdiction, or

   (b) Construction Permits for the Project are not required under applicable law.

3. Project materials for the Project, including a majority of the panels, inverters and the mounting system, are on site or stored at a facility within the developer's control.

4. Seller has the requisite documentation substantiating this certification and will retain it for two years from the date hereof and make it available to the New Jersey Board of Public Utilities ("Board") and/or its Staff upon request.

5. Seller hereby agrees that Section A.3 of Appendix A to the PSA, General Terms and Conditions, shall be deemed to have been amended in all respects as set forth in the Board's Order dated March 12, 2012 under dockets EO08100875, EO08090840 and EO09020097 and the Stipulation of Settlement approved in that Order. Without limiting the generality of the foregoing, Seller acknowledges that its only recourse from a denial by Purchaser of a requested extension is to seek review of such action by the Board and that any further extension request beyond its initial request to Purchaser must be made by formal petition to the Board and may be granted only by Order of the Board.

I certify that the foregoing statements made by me are true. I understand that if any of the foregoing statements are willfully false, I am subject to punishment.

____
[Name, Title]

Date: _________, 201[_]

APPENDIX B

DESCRIPTION OF SELLER'S PROJECT, SPECIFICATION OF LOCATION OF SELLER'S PROJECT AND DETAILS REGARDING THE SIZE, TYPE, MANUFACTURER AND RELATED DETAILS REGARDING THE QUALIFIED SOLAR PHOTOVOLTAIC GENERATION UNIT

Please include facility name, address, account number as well as equipment information (make/model/quantity) and description of location on site.

APPENDIX C

HOST'S ACKNOWLEDGEMENT AND CERTIFICATION

4324820v1

EXHIBIT D

Requirements of RGGI Order:

I. **General Filing Requirements**;

a. The utility shall provide all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5:11 and N.J.A.C. 14:1-5.12.

   i. This information is included in the Verified Petition and its various exhibits, as well as the testimony and exhibits of Donald Kennedy.

b. All filings shall contain information and financial statements for the proposed program in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the Accounts and Account numbers that will be utilized in booking the revenues, costs, expenses and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.

   i. This information is provided in Exhibit H to the Petition. Program-specific account numbers will be assigned after the program is approved.

c. The utility shall provide supporting explanations, assumptions, calculations and work papers for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1 and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting schedules, with all inputs and formulae intact.

   i. This information is provided in the testimony and exhibits of Donald Kennedy and Cheryl Ruggiero.

d. The utility shall file testimony supporting its petition.

   i. Please see the testimony of Donald Kennedy and Cheryl Ruggiero filed with this Petition.

e. For any small scale or pilot program, the utility shall only be subject to the requirements in this Section and Sections II, III, and IV. The utility shall, however, provide its estimates of costs and a list of data it intends to collect in a subsequent review of the benefits of the program. Information in Section V may be required for pilot and small programs if such programs are particularly large or complex. A "small scale" project is defined as one that would result in either a rate increase of less than a half of one percent of the average residential customer's bill or an additional annual total revenue requirement of less than $5 million. A pilot program shall be no longer than three years, but can be extended under appropriate circumstances.

   i. The Pilot Program is designed to carry an additional annual total revenue requirement of less than $5 million and will be open to participating customers over a three year period. As such, the Pilot Program qualifies as a small scale program under the RGGI Order. Please see the testimony and exhibits of Donald Kennedy.

f. If the utility is filing for an increase in rates, charges, etc., or for approval of a program which may increase rates/charges to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed public dates.

   i. NOT APPLICABLE.

II. <u>Program Description:</u>

a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval.

   i. Petitioner only seeks approval for the SREC II Program discussed in this Verified Petition. Please also see the testimony and exhibits of Donald Kennedy.

b. The utility shall provide a detailed explanation of the differences and similarities between each proposed program and existing and/or prior programs offered by the New Jersey Clean Energy Program, or the utility.

   i. Please see the testimony and exhibits of Donald Kennedy.

c. The utility shall provide a description of how the proposed program will complement and impact existing programs being offered by the utility and the New Jersey Clean Energy Program with all supporting documentation.

   i. Please see the testimony and exhibits of Donald Kennedy.

d. The utility shall provide a detailed description of how the proposed program is consistent with and/or different from other utility programs or pilots in place or proposed with all supporting documentation.

   i. Please see the testimony and exhibits of Donald Kennedy.

e. The utility shall provide a detailed description of how the proposed program comports with New Jersey State policy as reflected in reports, including the New Jersey Energy Master Plan, or, pending issuance of the final Energy Master Plan, the draft Energy Master Plan, and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to

N.J.S.A. 26:2C-42(b) and (c) and N.J.S.A. 26:2C-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.

i. The Pilot Program is consistent with the Energy Master Plan's ("EMP") goal of supporting the continued growth of the solar market in New Jersey in the most cost effective manner possible. The EMP recognizes that most renewable generation is currently more expensive to build than conventional generation and, therefore, some financial help is needed to encourage the development of renewable generation. The Pilot Program provides this financial help through facilitating a market for customers' SRECs.

ii. Similarly, the Pilot Program will assist in meeting the goals of the Global Warming Response Act by encouraging the development of emission-free generation sources in Petitioner's service territory.

f. The utility shall provide the features and benefits for each proposed program including the following: (1) the target market and customer eligibility if incentives are to be offered; (2) the program offering and customer incentives; (3) the quality control method including inspection; (4) program administration; and (5) program delivery mechanisms.

i. Please see the testimony and exhibits of Donald Kennedy.

g. The utility shall provide the criteria upon which it chose the program.

i. Please see the testimony and exhibits of Donald Kennedy.

h. The utility shall provide the estimated program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives including inspections and quality control, program implementation (all contract costs) and evaluation and other

   i. Please see the Petition and the testimony and exhibits of Donald Kennedy.

i. The utility shall provide the extent to which the utility intends to utilize employees, contractors or both to deliver the program and, to the extent applicable, the criteria the utility will use for contractor selection.

   i. Please see the testimony and exhibits of Donald Kennedy.

j. In the event the program contemplates an agreement between the utility and its contractors and/or the utility and its ratepayers, copies of the proposed standard contract or agreement between the ratepayer and the utility, the contractor and the utility, and/or the contractor and the ratepayer shall be provided.

   i. Please see Exhibit C to the Verified Petition.

k. The utility shall provide a detailed description of the process for resolving any customer complaints related to these programs.

   i. Please see the testimony and exhibits of Donald Kennedy.

l. The utility shall describe the program goals, including number of participants on an annual basis and the energy savings, renewable energy generation and resource savings, both projected annually and over the life of the measures.

   i. Please see the testimony and exhibits of Donald Kennedy.

m. Marketing – The utility shall provide the following: a description of where and how the proposed program/project will be marketed or promoted throughout the demographic segments of the utility's customer base, including an explanation of how prices and service for each proposed program/project will be conveyed to customers.

i. Please see the testimony and exhibits of Donald Kennedy.

III. **<u>Additional Required Information</u>**:

a. The utility shall describe whether the proposed programs will generate incremental activity in the energy efficiency/conservation/renewable energy marketplace and what, if any, impact on competition may be created, including any impact on employment, economic development and the development of new business with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment, manufacturing and evaluation and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created.

i. NOT APPLICABLE

b. The utility shall provide a description of any known market barriers that may impact the program and address the potential impact on such known market barriers for each proposed program with all supporting documentation. This analysis shall include barriers across the various markets including residential (both single and multi-family), commercial and industrial (both privately owned and leased buildings), as well as between small, medium and large commercial and industrial markets. This should include both new development and retrofit or replacement upgrades across the market sectors.

   i. NOT APPLICABLE

c. The utility shall provide a qualitative/quantitative description of any anticipated environmental benefits associated with the proposed program and a quantitative estimate of such benefits for the program overall and for each participant in the program with all supporting documentation. This shall include an estimate of the energy saved in kWh and/or therms and the avoided air emissions, wastewater discharges, waste generation and water use or other saved resources.

   i. NOT APPLICABLE

d. To the extent known, the utility shall identify whether there are similar programs available in the existing marketplace and provide supporting documentation if applicable. This shall include those programs that provide other societal benefits to other under-served markets. This should include an analysis of the services already provided in the market place, and the level of competition.

   i. NOT APPLICABLE

e. The utility shall provide an analysis of the benefits or impacts in regard to Smart Growth.

   i. NOT APPLICABLE

f. The utility shall propose the method for treatment of Renewable Energy Certificates (“REC”) including solar RECs or any other certificate developed by the Board of Public Utilities, including Greenhouse Gas Emissions Portfolio and

Energy Efficiency Portfolio Standards including ownership, and use of the certificate revenue stream(s).

   i. Please see the testimony and exhibits of Donald Kennedy.

g. The utility shall propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets including ownership, and use of the certificate revenue stream(s).

   i. NOT APPLICABLE

h. The utility shall analyze the proposed quantity and expected prices for any REC, solar REC, air emission credits, offsets or allowances or other certificates to the extent possible.

   i. Please see the testimony and exhibits of Donald Kennedy.

IV. Cost Recovery Mechanism:

a. The utility shall provide appropriate financial data for the proposed program, including estimated revenues, expenses and capitalized investments, for each of the first three years of operation and at the beginning and end of each year of said three-year period. The utility shall include pro forma income statements for the proposed program, for each of the first three years of operations and actual or estimated balance sheets as at the beginning and end of each years of said three year period.

   i. To be provided.

b. The utility shall provide detailed spreadsheets of the accounting treatment of the cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.

i. Please see the testimony and exhibits of Cheryl Ruggiero.

c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program, including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other.

i. Please see the testimony and exhibits of Cheryl Ruggiero.

d. The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied Exhibit A by a certification of service demonstrating that the petition was served on the Department of the Public Advocate, Division of Rate Counsel simultaneous to its submission to the Board.

i. This information is provided in the Verified Petition.

e. The utility shall provide an annual rate impact summary by year for the proposed program, and an annual cumulative rate impact summary for all approved and proposed programs showing the impact of individual programs as well as the cumulative impact of all programs upon each customer class of implementing each program and all approved and proposed programs based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.

   i. This information is provided in the testimony and exhibits of Cheryl Ruggiero.

f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program, identified by cost segment (capitalized costs, operating expense, administrative expense, etc.). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program with all supporting documentation.

   i. NOT APPLICABLE.

g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated program costs and revenues for the proposed program on an annual basis, including effects upon rate base and pro forma income calculations.

   i. Please see the testimony and exhibits of Cheryl Ruggiero.

h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.

   i. Please see Exhibit I to the Verified Petition.

i. If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility.

    i. Please see the Verified Petition and its exhibits.

j. A utility seeking incentives or rate mechanism that decouples utility revenues from sales shall provide all supporting justification, and rationale for incentives, along with supporting documentation, assumptions and calculations.

    i. NOT APPLICABLE

V. Cost/Benefit Analysis

NOT APPLICABLE

Exhibit E

Balance Sheet

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2010	End of 2010/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	260,176,890	253,059,111
3	Construction Work in Progress (107)	200-201	5,237,038	3,141,756
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		265,413,928	256,200,867
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	64,079,690	62,003,360
6	Net Utility Plant (Enter Total of line 4 less 5)		201,334,238	194,197,507
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		201,334,238	194,197,507
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		0	0
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	231,500	231,500
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		231,500	231,500
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		993,400	655,307
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		13,876	57,374
38	Temporary Cash Investments (136)		13,128,000	7,350,501
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		14,828,509	11,888,873
41	Other Accounts Receivable (143)		5,658,934	5,586,482
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		814,680	606,898
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		3,998,134	334,669
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	1,965,244	2,026,476
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2010	End of 2010/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		1,179,002	2,503,866
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		7,891,585	9,037,172
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		48,842,004	38,833,822
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		0	0
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	54,361,547	56,637,685
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	1,441,679	1,918,617
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	10,692	20,562
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	11,985,754	10,662,545
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		67,799,672	69,239,409
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		318,207,414	302,502,238

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2010	end of 2010/Q4

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	11,200,000	11,200,000
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	0	0
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	168,709,125	154,752,063
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		179,909,125	165,952,063
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		0	0
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		50,000	50,000
29	Accumulated Provision for Pensions and Benefits (228.3)		2,751,547	4,321,203
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		4,573,014	2,019,711
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		7,374,561	6,390,914
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		11,645,014	11,345,084
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		16,478,011	15,342,427
41	Customer Deposits (235)		2,044,728	2,195,697
42	Taxes Accrued (236)	262-263	0	166,065
43	Interest Accrued (237)		-165,852	-173,400
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	0
48	Miscellaneous Current and Accrued Liabilities (242)		2,147,941	2,704,616
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		11,046,774	11,026,257
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		4,573,014	2,019,711
54	Total Current and Accrued Liabilities (lines 37 through 53)		38,623,602	40,587,035
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		222,101	201,301
57	Accumulated Deferred Investment Tax Credits (255)	266-267	709,639	791,160
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	9,335,442	9,388,993
60	Other Regulatory Liabilities (254)	278	2,633,064	4,786,776
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		36,324,265	33,837,378
64	Accum. Deferred Income Taxes-Other (283)		43,075,615	40,566,618
65	Total Deferred Credits (lines 56 through 64)		92,300,126	89,572,226
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		318,207,414	302,502,238

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2011	End of 2011/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	270,484,461	260,176,890
3	Construction Work in Progress (107)	200-201	8,483,175	5,237,038
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		278,967,636	265,413,928
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	65,163,099	64,079,690
6	Net Utility Plant (Enter Total of line 4 less 5)		213,804,537	201,334,238
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		213,804,537	201,334,238
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		0	0
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	231,500	231,500
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		231,500	231,500
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		4,401,624	993,400
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		12,370	13,876
38	Temporary Cash Investments (136)		15,400,000	13,128,000
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		10,420,579	14,828,509
41	Other Accounts Receivable (143)		5,835,657	5,658,934
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		573,009	814,680
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		5,341,661	3,998,134
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	2,217,186	1,965,244
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2011	End of 2011/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		2,650,989	1,179,002
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		6,585,881	7,891,585
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		52,292,938	48,842,004
68	**DEFERRED DEBITS**			
69	Unamortized Debt Expenses (181)		0	0
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	56,113,986	54,361,547
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	2,318,920	1,441,679
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	822	10,692
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	5,763,879	11,985,754
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		64,197,607	67,799,672
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		330,526,582	318,207,414

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	11,200,000	11,200,000
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	0	0
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	182,678,107	168,709,125
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		193,878,107	179,909,125
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		0	0
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		49,999	50,000
29	Accumulated Provision for Pensions and Benefits (228.3)		1,486,371	2,751,547
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		1,982,662	4,573,014
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		3,519,032	7,374,561
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		12,175,145	11,645,014
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		9,718,373	16,478,011
41	Customer Deposits (235)		2,405,230	2,044,728
42	Taxes Accrued (236)	262-263	1,380,800	0
43	Interest Accrued (237)		-18,637	-165,852
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	0
48	Miscellaneous Current and Accrued Liabilities (242)		2,907,624	2,147,941
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		7,019,221	11,046,774
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		1,982,662	4,573,014
54	Total Current and Accrued Liabilities (lines 37 through 53)		33,605,094	38,623,602
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		679,674	222,101
57	Accumulated Deferred Investment Tax Credits (255)	266-267	719,806	709,639
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	13,879,537	9,335,442
60	Other Regulatory Liabilities (254)	278	1,683,373	2,633,064
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		38,853,664	36,324,265
64	Accum. Deferred Income Taxes-Other (283)		43,708,295	43,075,615
65	Total Deferred Credits (lines 56 through 64)		99,524,349	92,300,126
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		330,526,582	318,207,414

Name of Respondent Rockland Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 09/30/2012	Year/Period of Report End of 2012/Q3

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	**UTILITY PLANT**			
2	Utility Plant (101-106, 114)	200-201	275,267,348	270,484,461
3	Construction Work in Progress (107)	200-201	11,375,928	8,483,175
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		286,643,276	278,967,636
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	66,724,253	65,163,099
6	Net Utility Plant (Enter Total of line 4 less 5)		219,919,023	213,804,537
7	Nuclear Fuel in Process of Ref., Conv.,Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		219,919,023	213,804,537
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	**OTHER PROPERTY AND INVESTMENTS**			
18	Nonutility Property (121)		0	0
19	(Less) Accum. Prov. for Depr. and Amort. (122)		0	0
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	231,500	231,500
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		0	0
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets – Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		231,500	231,500
33	**CURRENT AND ACCRUED ASSETS**			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		13,162,223	4,401,624
36	Special Deposits (132-134)		0	0
37	Working Fund (135)		5,546	12,370
38	Temporary Cash Investments (136)		18,090,000	15,400,000
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		15,289,221	10,420,579
41	Other Accounts Receivable (143)		1,027,458	5,835,657
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		382,881	573,009
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		11,921,185	5,341,661
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	2,173,137	2,217,186
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent Rockland Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 09/30/2012	Year/Period of Report End of 2012/Q3

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		7,257,572	2,650,989
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	0
60	Rents Receivable (172)		0	0
61	Accrued Utility Revenues (173)		6,866,369	6,585,881
62	Miscellaneous Current and Accrued Assets (174)		0	0
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		75,409,830	52,292,938
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		0	0
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	61,612,850	56,113,986
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		-2,388,073	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	1,802,658	2,318,920
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	822
81	Unamortized Loss on Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	10,287,905	5,763,879
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		71,315,340	64,197,607
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		366,875,693	330,526,582

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	09/30/2012	end of 2012/Q3

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	11,200,000	11,200,000
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	0	0
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	195,504,340	182,678,107
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	0	0
16	Total Proprietary Capital (lines 2 through 15)		206,704,340	193,878,107
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		0	0
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		50,000	49,999
29	Accumulated Provision for Pensions and Benefits (228.3)		-14,959	1,486,371
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		12,388,896	1,982,662
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		12,423,937	3,519,032
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		14,494,820	12,175,145
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		23,845,100	9,718,373
41	Customer Deposits (235)		2,798,757	2,405,230
42	Taxes Accrued (236)	262-263	15,020	1,380,800
43	Interest Accrued (237)		-479,788	-18,637
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	09/30/2012	end of 2012/Q3

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		0	0
48	Miscellaneous Current and Accrued Liabilities (242)		-1,676,628	2,907,624
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		15,476,770	7,019,221
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		12,388,896	1,982,662
54	Total Current and Accrued Liabilities (lines 37 through 53)		42,085,155	33,605,094
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		726,103	679,674
57	Accumulated Deferred Investment Tax Credits (255)	266-267	585,070	719,806
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	9,349,121	13,879,537
60	Other Regulatory Liabilities (254)	278	787,533	1,683,373
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		39,782,113	38,853,664
64	Accum. Deferred Income Taxes-Other (283)		54,432,321	43,708,295
65	Total Deferred Credits (lines 56 through 64)		105,662,261	99,524,349
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		366,875,693	330,526,582

Exhibit F

Statement of Income

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2010	End of 2010/Q4

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	227,164,668	216,630,912		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	183,279,954	187,136,946		
5	Maintenance Expenses (402)	320-323	7,112,660	5,852,930		
6	Depreciation Expense (403)	336-337	3,758,174	3,424,529		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	273	47,953		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	8,003,709	7,729,183		
15	Income Taxes - Federal (409.1)	262-263	4,715,224	931,496		
16	- Other (409.1)	262-263	2,315,857	1,161,164		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	8,449,682	8,185,332		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	4,317,413	4,933,693		
19	Investment Tax Credit Adj. - Net (411.4)	266	-81,520	-88,385		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		213,236,600	209,447,455		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		13,928,068	7,183,457		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2010	End of 2010/Q4

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
227,164,668	216,630,912					2
						3
183,279,954	187,136,946					4
7,112,660	5,852,930					5
3,758,174	3,424,529					6
						7
273	47,953					8
						9
						10
						11
						12
						13
8,003,709	7,729,183					14
4,715,224	931,496					15
2,315,857	1,161,164					16
8,449,682	8,185,332					17
4,317,413	4,933,693					18
-81,520	-88,385					19
						20
						21
						22
						23
						24
213,236,600	209,447,455					25
13,928,068	7,183,457					26

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		13,928,068	7,183,457		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		44,664	902,378		
38	Allowance for Other Funds Used During Construction (419.1)		67,799	107,183		
39	Miscellaneous Nonoperating Income (421)		29,364	-3		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		141,827	1,009,558		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		81,966	88,668		
46	Life Insurance (426.2)		-2,099	15,084		
47	Penalties (426.3)					
48	Exp. for Certain Civic, Political & Related Activities (426.4)		5,117	56		
49	Other Deductions (426.5)		8,427	10,312		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		93,411	114,120		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	17,530	17,101		
53	Income Taxes-Federal (409.2)	262-263	41,391	275,931		
54	Income Taxes-Other (409.2)	262-263				
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-45,532	49,400		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	13,972	139,386		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-583	203,046		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		48,999	692,392		
61	Interest Charges					
62	Interest on Long-Term Debt (427)					
63	Amort. of Debt Disc. and Expense (428)					
64	Amortization of Loss on Reaquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		51,360	-30,210		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		31,354	54,345		
70	Net Interest Charges (Total of lines 62 thru 69)		20,006	-84,555		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		13,957,061	7,960,404		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		13,957,061	7,960,404		

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2011	End of 2011/Q4

STATEMENT OF INCOME

Quarterly
1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable
5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	203,585,424	227,164,668		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	162,627,929	183,279,954		
5	Maintenance Expenses (402)	320-323	6,260,729	7,112,660		
6	Depreciation Expense (403)	336-337	3,970,685	3,758,174		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	11,129	273		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	8,134,729	8,003,709		
15	Income Taxes - Federal (409.1)	262-263	3,079,773	4,715,224		
16	- Other (409.1)	262-263	1,665,007	2,315,857		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	16,030,750	8,449,682		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	12,396,976	4,317,413		
19	Investment Tax Credit Adj. - Net (411.4)	266	10,167	-81,520		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		189,393,922	213,236,600		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		14,191,502	13,928,068		

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
203,585,424	227,164,668					2
						3
162,627,929	183,279,954					4
6,260,729	7,112,660					5
3,970,685	3,758,174					6
						7
11,129	273					8
						9
						10
						11
						12
						13
8,134,729	8,003,709					14
3,079,773	4,715,224					15
1,665,007	2,315,857					16
16,030,750	8,449,682					17
12,396,976	4,317,413					18
10,167	-81,520					19
						20
						21
						22
						23
						24
189,393,922	213,236,600					25
14,191,502	13,928,068					26

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2011	End of 2011/Q4

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		14,191,502	13,928,068		
28	Other Income and Deductions					
29	Other Income					
30	Nonutilty Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		66,115	44,664		
38	Allowance for Other Funds Used During Construction (419.1)		149,138	67,799		
39	Miscellaneous Nonoperating Income (421)			29,364		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		215,253	141,827		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		80,083	81,966		
46	Life Insurance (426.2)		-2,317	-2,099		
47	Penalties (426.3)		90			
48	Exp. for Certain Civic, Political & Related Activities (426.4)		9,348	5,117		
49	Other Deductions (426.5)		14,667	8,427		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		101,871	93,411		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	18,179	17,530		
53	Income Taxes-Federal (409.2)	262-263	48,006	41,391		
54	Income Taxes-Other (409.2)	262-263				
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	162,456	-45,532		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	235,566	13,972		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-6,925	-583		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		120,307	48,999		
61	Interest Charges					
62	Interest on Long-Term Debt (427)					
63	Amort. of Debt Disc. and Expense (428)					
64	Amortization of Loss on Reaquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		408,244	51,360		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		65,417	31,354		
70	Net Interest Charges (Total of lines 62 thru 69)		342,827	20,006		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		13,968,982	13,957,061		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		13,968,982	13,957,061		

Name of Respondent Rockland Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 09/30/2012	Year/Period of Report End of 2012/Q3

STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	144,332,201	162,722,360	60,917,771	67,959,726
3	Operating Expenses					
4	Operation Expenses (401)	320-323	112,865,566	128,675,716	46,214,120	52,394,256
5	Maintenance Expenses (402)	320-323	4,859,812	4,432,685	2,174,071	1,936,431
6	Depreciation Expense (403)	336-337	3,099,265	2,960,913	1,045,626	997,461
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	11,076	9,800	3,138	1,329
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	4,979,034	6,335,203	1,886,915	2,449,800
15	Income Taxes - Federal (409.1)	262-263	900,088	3,785,603	-1,424,842	2,254,144
16	- Other (409.1)	262-263	-150,924	2,093,233	-744,675	1,438,035
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	5,260,569	6,759,319	428,438	3,776,537
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	-1,028,647	4,668,954	-5,428,455	3,450,590
19	Investment Tax Credit Adj. - Net (411.4)	266	-134,736	-53,514	-17,539	-15,889
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		132,718,397	150,330,004	54,993,707	61,781,514
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		11,613,804	12,392,356	5,924,064	6,178,212

STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purches, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	Line No.
						1
144,332,201	162,722,360					2
						3
112,865,566	128,675,716					4
4,859,812	4,432,685					5
3,099,265	2,960,913					6
						7
11,076	9,800					8
						9
						10
						11
						12
						13
4,979,034	6,335,203					14
900,088	3,785,603					15
-150,924	2,093,233					16
5,260,569	6,759,319					17
-1,028,647	4,668,954					18
-134,736	-53,514					19
						20
						21
						22
						23
						24
132,718,397	150,330,004					25
11,613,804	12,392,356					26

Name of Respondent Rockland Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 09/30/2012	Year/Period of Report End of 2012/Q3

STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		11,613,804	12,392,356	5,924,064	6,178,212
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)					
34	(Less) Expenses of Nonutility Operations (417.1)					
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		48,433	20,219	30,813	5,842
38	Allowance for Other Funds Used During Construction (419.1)		198,152	103,579	57,298	37,844
39	Miscellaneous Nonoperating Income (421)					
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		246,585	123,798	88,111	43,686
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)		63,558	60,511	9,338	12,881
45	Donations (426.1)					
46	Life Insurance (426.2)					
47	Penalties (426.3)					
48	Exp. for Certain Civic, Political & Related Activities (426.4)		9,970	9,348		
49	Other Deductions (426.5)		3,848	10,761	501	1,470
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		77,376	80,620	9,839	14,351
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	20,149	13,575	10,909	4,593
53	Income Taxes-Federal (409.2)	262-263	-383,847	57,654	35,925	70,611
54	Income Taxes-Other (409.2)	262-263				
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	29,742	-72,504		-1,969
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	73,184	49,747	54,401	80,210
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-407,140	-51,022	-7,567	-6,975
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		576,349	94,200	85,839	36,310
61	Interest Charges					
62	Interest on Long-Term Debt (427)					
63	Amort. of Debt Disc. and Expense (428)					
64	Amortization of Loss on Reaquired Debt (428.1)					
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		-497,528	360,017	17,322	248,205
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		113,946	45,424	42,782	16,608
70	Net Interest Charges (Total of lines 62 thru 69)		-611,474	314,593	-25,460	231,597
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		12,801,627	12,171,963	6,035,363	5,982,925
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		12,801,627	12,171,963	6,035,363	5,982,925

Exhibit G

Electric Operating Revenue

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	135,419,214	118,661,609
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	94,311,515	97,951,919
5	Large (or Ind.) (See Instr. 4)	4,346,713	3,880,535
6	(444) Public Street and Highway Lighting	1,254,745	1,216,001
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	235,332,187	221,710,064
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	235,332,187	221,710,064
13	(Less) (449.1) Provision for Rate Refunds	-174,917	
14	TOTAL Revenues Net of Prov. for Refunds	235,507,104	221,710,064
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues	13,617	29,623
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	239,123	203,707
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	-8,595,176	-5,312,482
22	(456.1) Revenues from Transmission of Electricity of Others		
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	-8,342,436	-5,079,152
27	TOTAL Electric Operating Revenues	227,164,668	216,630,912

Name of Respondent Rockland Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 12/31/2010	Year/Period of Report End of 2010/Q4

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
774,596	716,895	63,217	63,164	2
				3
859,724	827,810	9,083	9,046	4
37,660	36,012	110	121	5
6,689	6,730	27	27	6
				7
				8
				9
1,678,669	1,587,447	72,437	72,358	10
				11
1,678,669	1,587,447	72,437	72,358	12
				13
1,678,669	1,587,447	72,437	72,358	14

Line 12, column (b) includes $ -1,145,587 of unbilled revenues.
Line 12, column (d) includes -7,948 MWH relating to unbilled revenues

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Rockland Electric Company	(1) [X] An Original (2) [ ] A Resubmission	12/31/2011	End of 2011/Q4

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	125,002,098	135,419,214
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	80,306,898	94,311,515
5	Large (or Ind.) (See Instr. 4)	3,453,637	4,346,713
6	(444) Public Street and Highway Lighting	1,065,490	1,254,745
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	209,828,123	235,332,187
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	209,828,123	235,332,187
13	(Less) (449.1) Provision for Rate Refunds	-262,376	-174,917
14	TOTAL Revenues Net of Prov. for Refunds	210,090,499	235,507,104
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues	24,139	13,617
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	274,311	239,123
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	-6,803,525	-8,595,176
22	(456.1) Revenues from Transmission of Electricity of Others		
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	-6,505,075	-8,342,436
27	TOTAL Electric Operating Revenues	203,585,424	227,164,668

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
758,680	774,596	63,235	63,217	2
				3
863,722	859,724	9,114	9,083	4
36,622	37,660	97	110	5
6,428	6,689	27	27	6
				7
				8
				9
1,665,452	1,678,669	72,473	72,437	10
				11
1,665,452	1,678,669	72,473	72,437	12
				13
1,665,452	1,678,669	72,473	72,437	14

Line 12, column (b) includes $ -1,305,705 of unbilled revenues.

Line 12, column (d) includes 2,102 MWH relating to unbilled revenues

Name of Respondent Rockland Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 09/30/2012	Year/Period of Report End of 2012/Q3

ELECTRIC OPERATING REVENUES (Account 400)

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of $250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	90,991,943	101,409,585
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	56,121,463	62,486,907
5	Large (or Ind.) (See Instr. 4)	1,372,125	2,729,748
6	(444) Public Street and Highway Lighting	761,645	796,541
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	149,247,176	167,422,781
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	149,247,176	167,422,781
13	(Less) (449.1) Provision for Rate Refunds	-196,782	-196,782
14	TOTAL Revenues Net of Prov. for Refunds	149,443,958	167,619,563
15	Other Operating Revenues		
16	(450) Forfeited Discounts		
17	(451) Miscellaneous Service Revenues	23,030	18,915
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	312,477	274,011
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	-5,441,819	-5,190,129
22	(456.1) Revenues from Transmission of Electricity of Others	-5,445	
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	-5,111,757	-4,897,203
27	TOTAL Electric Operating Revenues	144,332,201	162,722,360

Name of Respondent Rockland Electric Company	This Report Is: (1) [X] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) 09/30/2012	Year/Period of Report End of 2012/Q3

ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
594,408	600,577			2
				3
661,933	656,144			4
15,624	28,564			5
4,527	4,500			6
				7
				8
				9
1,276,492	1,289,785			10
				11
1,276,492	1,289,785			12
				13
1,276,492	1,289,785			14

Line 12, column (b) includes $ 480,488 of unbilled revenues.
Line 12, column (d) includes 428 MWH relating to unbilled revenues

ROCKLAND ELECTRIC COMPANY
RESIDENTIAL SOLAR LOAN PROGRAM – SREC II
Accounting Entries

Entry	Acct.	Description	Debit	Credit
1		To defer purchase cost of SREC's net of transaction fees		
	182	Regulatory Asset – SREC II-Purchases	XXX	
	400	Operating Revenue – SREC II Transaction Fee		XXX
	131	Cash		XXX
2		To defer recovery of administrative costs		
	131	Cash	XXX	
	182	Regulatory Asset – SREC II-Application Fee		XXX
	182	Regulatory Asset – SREC II-Solar Developer Fee		XXX
	182	Regulatory Asset – SREC II-Assignment Fee		XXX
3		To record collection of refundable deposit		
	131	Cash	XXX	
	253	Other Deferred Credits-SREC II-Refundable Deposits		XXX
4		To refund deposit upon successful completion of project		
	253	Other Deferred Credits-SREC II-Refundable Deposits	XXX	
	131	Cash		XXX
5		To defer defaulted deposits		
	253	Other Deferred Credits-SREC II-Refundable Deposits	XXX	
	182	Regulatory Asset – SREC II-Defaulted Deposits		XXX
6		To record incremental administrative expenditures		
	182	Regulatory Asset – SREC II-Incremental Administrative Expenses	XXX	
	131	Cash		XXX
7		To record a carrying cost on any over/under recovered SREC II purchases balance		
		If undercollected:		
	182	Regulatory Asset – SREC II -Interest	XXX	
	419	Other Income		XXX
		If overcollected:		
	431	Interest Expense	XXX	
	254	Regulatory Liability – SREC II -Interest		XXX

ROCKLAND ELECTRIC COMPANY
RESIDENTIAL SOLAR LOAN PROGRAM – SREC II
Accounting Entries

Entry	Acct.	Description	Debit	Credit
8	To record net auction proceeds on sales of SREC’s			
	131	Cash	XXX	
	182	Regulatory Asset – SRECII-Auction Proceeds		XXX
9	To record monthly RGGI Surcharge			
	142	Customer Accounts Receivable	XXX	
	400	Operating Revenue		XXX
10	To record any over/under recovery of program costs			
	If under recovered:			
	182	Regulatory Asset – SREC II Undercollection	XXX	
	908	Customer Assistance Expense		XXX
	If over recovered:			
	400	Operating Revenue	XXX	
	254	Regulatory Liability – SREC II Overcollection		XXX

Note: All costs and SREC proceeds will be tracked in a regulatory asset account. To the extent the regulatory asset is drawn to zero due to customer revenues, or auction proceeds a regulatory liability account will be established.

Rockland Electric Company
Capital Structure & Cost of Financing
As of December 31, 2012
(000's)

	Amount ($000's)	Ratio	Cost Rate %	Weighted Average Ratio
Long Term Debt	$ 581,844	49.68%	6.19%	3.08%
Short Term Debt	-	-	-	-
Common Equity	589,317	50.32%	10.30%	5.18%
Total	$ 1,171,161	100.00%		8.26%

Case ER09080668
Docket PUC 11407-2009N

Rockland Electric Company
Electric Service
Settlement Agreement
Consolidated Capital Structure
For Twelve Months Ending December 31, 2009
(000's)

	Amount ($000's)	Ratio	Cost Rate %	Weighted Average Ratio
Long Term Debt	$ 521,503	49.76%	6.16%	3.07%
Short Term Debt	4,044	0.39%	1.50%	0.01%
Common Equity	522,465	49.85%	10.30%	5.13%
Total	$ 1,048,012	100.00%		8.21%