



Rockland Electric Company  
4 Irving Place  
New York NY 10003-0987  
www.oru.com

March 1, 2011

Honorable Kristi Izzo  
Secretary  
State of New Jersey  
Board of Public Utilities  
Two Gateway Center, Suite 801  
Newark, NJ 07102

Re: In the Matter of the Petition of Rockland Electric Company Requesting Support for a Smart Grid Pilot Proposal, BPU Docket No. EO09060459

Dear Secretary Izzo:

Rockland Electric Company ("RECO" or "the Company") hereby submits for filing an original and ten copies of the following tariff leaves to its Schedule for Electric Service B.P.U. No. 3 – Electricity (the "Electric Tariff") setting forth revisions, in draft format.

Leaf No. 60	Leaf No. 104
Leaf No. 83	Leaf No. 109
Leaf No. 84	Leaf No. 110
Leaf No. 90	Leaf No. 116
Leaf No. 91	Leaf No. 117
Leaf No. 93	Leaf No. 125
Leaf No. 97	Leaf No. 127
Leaf No. 103	

This filing is submitted in accordance with General Information Section No. 36 of the Electric Tariff, which requires the submission of a filing to reconcile any over- or under-recovered balances collected through the Smart Grid Surcharge ("SGS") for the Company's Smart Grid Pilot Projects ("Smart Grid Projects") and to establish the SGS in effect for the following June 1.

The Company is proposing a SGS of 0.0497 cents per kWh, including Sales and Use Tax ("SUT") effective June 1, 2011. This SGS includes two components: (1) a surcharge of 0.0458 cents per kWh related to the Company's estimate of the Smart Grid Projects revenue requirement for the period June 1, 2011, through May 31, 2012; and (2) a reconciliation component charge of 0.0039 cents per kWh due to an under-collected balance, including interest, of \$59,398 for the Smart Grid Projects. This reconciliation component is set to expire on June 1, 2012.

### Smart Grid Surcharge Annual Filing

RECO filed for, and was approved to receive, federal funding from the U.S. Department of Energy ("DOE") under the American Recovery and Reinvestment Act of 2009 for a number of Smart Grid Projects. Fifty percent of the program costs are funded through the DOE. The purpose of the SGS is to recover the project costs that are not funded by the DOE. On March 23, 2010, a Stipulation of Settlement ("SGS Stipulation") was entered into by the Company, the Staff of the New Jersey Board of Public Utilities, and the Department of the Public Advocate, Division of Rate Counsel detailing the proposed programs and cost recovery mechanism. The Board, in its Order dated April 5, 2010 ("April 5 Order"), approved the SGS Stipulation.

The SGS Stipulation calls for an annual filing to be made by March 1 of each year determining the SGS to be in effect for the twelve month period commencing the following June 1. The SGS is set to recover any prior period under- or over-recovered balances, including interest, and to provide current recovery of the forecasted revenue requirements of the Smart Grid Projects over the twelve-month period commencing the following June 1.

The calculation of the under/over-collection as well as the associated interest is set forth on Appendix A, Page 3. Included in this calculation of the under/over-collection are actual revenue requirements and recoveries for June 2010 through January 2011, and estimated revenue requirements and recoveries for February through May 2011. The revenue requirement calculations include the Weighted Average Cost of Capital ("WACC") utilized to set rates in the Company's most recently decided base rate case, BPU Docket No. ER09080668, i.e., 8.21%. The calculations supporting the determination of this WACC can be found on Page 8 of Appendix A.

The monthly revenue requirement calculations used for both the under/over calculation and forecasted calculation are set forth on Appendix A, Pages 4 and 5.

As shown in Appendix A, Page 3, the total under-collection related to the Smart Grid Projects equals \$59,398 including interest. As shown in Appendix A, Page 5, the estimated revenue requirement related to the Smart Grid Projects for the period June 2011 through May 2012 equals \$703,895.

### Additional Tariff Changes

In its June 17, 2010 filing in compliance with the April 5 Order, the Company submitted 1st Revised Leaf No. 3 and 1st Revised Leaf No. 60 which established the SGS. In making this filing, the Company inadvertently failed to include a reference to the SGS in the monthly rate section of the individual service classifications of the Electric Tariff. To correct this clerical oversight, the Company is filing tariff leaves to add a reference to the SGS in Service Classification Nos. 1, 2, 3, 4, 5, 6, and 7.

### SGS Minimum Filing Requirements

As directed by the SGS Stipulation, the Company is required to address certain minimum filing requirements as part of its annual SGS filing. Appendices B through F contain the requested information as described below. Missing from this is the list of FTE equivalent jobs created. The Company is still in the process of preparing this information. The Company

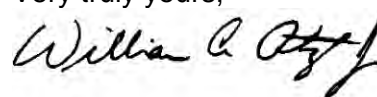
anticipates that it will be available by March 8, 2011, at which time the Company will submit such information to the Board and the service list in this proceeding.

Appendix	Description
A	SGS Work-papers
B	Project Timelines
C	DOE Reimbursements
D	Budgeted vs. Actual Costs
E	Income Statement
F	Balance Sheet

Please date and time-stamp the enclosed extra copy of this letter and return it to me in the envelope provided.

Questions regarding this filing can be directed to me at (212) 460-3308.

Very truly yours,



William A. Atzl, Jr.  
Director – Rates

**GENERAL INFORMATION**

**No. 36 Smart Grid Surcharge ("SGS")**

The SGS shall be applied to the kWh usage on the bills of all customers served under this Schedule.

The Company will implement a Base Electric Delivery System Project ("Pilot Project") pursuant to the Smart Grid Investment Grant ("SGIG") Program established by the United States Department of Energy ("DOE"). The purpose of the SGIG Program is to further improvements in cost and performance in the energy sector from the deployment of smart grid technology.

The Company has been approved by the DOE for a grant that will cover 50% of the costs of the Pilot Project. The SGS shall recover the 50% of costs and associated carrying costs, not otherwise funded by the DOE that are required to implement the Company's Pilot Project ("SGS Costs").

SGS Costs include: (1) the carrying costs (depreciation and return on net investment, including tax effects) on capital investments and (2) the incremental operation and maintenance expenses associated with the Pilot Project. In addition, the SGS will include any prior period over or under-recoveries. The SGS will be subject to deferred accounting, with interest, and reconciled annually by comparing actual SGS Costs to actual SGS revenues. Any difference will be included in the following year's SGS.

The difference between the actual monthly SGS Costs and SGS revenues will be deferred, with interest, for future recovery. Interest, calculated as determined by the Board in its Order dated October 21, 2008 in Docket Number ER08060455, will be included in the deferred balance for both an over-collection and for an under-collection.

On March 1 of each year, the Company shall file with the Board the SGS to be effective for the twelve-month period commencing the following June 1. The annual filings will provide for: (1) current recovery of forecasted SGS for the period in which the SGS will be in effect; (2) recovery of any over- or under-recovered balances, including interest; and (c) recovery of uncollectibles at 0.16%. The SGS shall be determined in accordance with the Board's April 5, 2010 Order in Docket No. ER09060459.

The SGS to be effective on and after the date indicated below shall be set at 0.0497 cents per kWh including sales and use tax ("SUT"), and includes a Reconciliation Component that shall remain in effect through May 31, 2012. Thereafter, unless changed by an order of the Board, the SGS shall be 0.0458 cents per kWh

	SGS (Cents per kWh)		
	Through May 31, 2012		After May 31, 2012
	Excluding SUT	Including SUT	Including SUT
SGS	0.0036	0.0039	-
Reconciliation	0.0428	0.0458	0.0458
Total SGS	0.0464	0.0497	0.0458

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

**SERVICE CLASSIFICATION NO. 1  
 RESIDENTIAL SERVICE (Continued)**

**RATE – MONTHLY (Continued)**

(3) Transmission Charge

(a) These charges apply to all customers taking Basic Generation Service from the Company. These charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. These charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1.

	<u>Summer Months*</u>	<u>Other Months</u>
First 250 kWh ..... @	1.209 ¢ per kWh	1.209 ¢ per kWh
Over 250 kWh ..... @	1.209 ¢ per kWh	1.209 ¢ per kWh

(b) Transmission Surcharge – This charge is applicable to all customers taking Basic Generation Service from the Company and includes surcharges related to Reliability Must Run and Transmission Enhancement Charges.

All kWh	0.190 ¢ per kWh	0.190 ¢ per kWh
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(4) Societal Benefits Charge

In accordance with General Information Section 33, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.

(5) Regional Greenhouse Gas Initiative Surcharge

In accordance with General Information Section 34, a Regional Greenhouse Gas Initiative Surcharge shall be assessed on all kWh delivered hereunder.

(6) Smart Grid Surcharge

In accordance with General Information Section 36, a Smart Grid Surcharge shall be assessed on all kWh delivered hereunder.

\* Definition of Summer Billing Months - June through September

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
 Ramsey, New Jersey 07446

**SERVICE CLASSIFICATION NO. 1  
RESIDENTIAL SERVICE (Continued)**

**RATE – MONTHLY (Continued)**

(7) Securitization Charges

In accordance with General Information Section 35, the Securitization Charges shall be assessed on all kWh delivered hereunder.

(8) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 31.

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

**MINIMUM CHARGE EACH CONTRACT EACH LOCATION**

\$3.88 monthly, not less than \$23.28 per contract.

**TERMS OF PAYMENT**

Bills are due in accordance with General Information Section No. 10.

**TERM**

Terminable at any time unless a specified period is required under a line extension agreement.

**EXTENSION OF FACILITIES**

Where service is supplied from an extension the charges thereon shall be determined as provided in General Information.

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

**SERVICE CLASSIFICATION NO. 2  
GENERAL SERVICE (Continued)**

**RATE – MONTHLY (Continued)**

- (3) Transmission Charges (Continued)
- (b) Transmission Surcharge – This charge is applicable to all customers taking Basic Generation Service from the Company and includes surcharges related to Reliability Must Run and Transmission Enhancement Charges.

	<u>Summer Months*</u>	<u>Other Months</u>
<u>Secondary Voltage Service Only</u>		
All kWh .....@	0.096 ¢ per kWh	0.096 ¢ per kWh
<u>Primary Voltage Service Only</u>		
All kWh .....@	0.045 ¢ per kWh	0.045 ¢ per kWh

- (4) Societal Benefits Charge
- In accordance with General Information Section 33, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.
- (5) Regional Greenhouse Gas Initiative Surcharge
- In accordance with General Information Section 34, a Regional Greenhouse Gas Initiative Surcharge shall be assessed on all kWh delivered hereunder.
- (6) Smart Grid Surcharge
- In accordance with General Information Section 36, a Smart Grid Surcharge shall be assessed on all kWh delivered hereunder.
- (7) Securitization Charges
- In accordance with General Information Section 35, the Securitization Charges shall be assessed on all kWh delivered hereunder.

\* Definition of Summer Billing Months - June through September

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Ramsey, New Jersey 07446

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**SERVICE CLASSIFICATION NO. 2  
GENERAL SERVICE (Continued)**

**RATE – MONTHLY (Continued)**

(8) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 31.

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

**MINIMUM MONTHLY CHARGE**

Unmetered Service	\$ 8.68
Non-Demand Metered Service	\$10.07
Secondary Service (Demand Metered)	\$14.00 Plus the demand charge.
Primary Service	\$75.00 Plus the demand charge.

**DETERMINATION OF DEMAND**

For demands in excess of 5 kW the monthly billing demand in kW shall be either the greatest connected load or the greatest 15-minute integrated demand, determined as follows:

- (1) Billing demand may be on a connected load basis when
  - (a) demand meter would not reduce the billing demand, or
  - (b) the installation is temporary, or
  - (c) the device has a large instantaneous or highly fluctuating demand.
- (2) Billing shall be on a demand meter basis in all other cases and shall be billed at not less than 90% of the kVA demand. The billing demand for the billing months of October through May inclusive shall not be less than 70% of the highest metered demand for the preceding billing months of June through September inclusive.

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

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**SERVICE CLASSIFICATION NO. 2  
GENERAL SERVICE (Continued)**

**SPECIAL PROVISIONS**

(A) Short Term Secondary Service

When short term service is requested, the Company reserves the right to require a deposit of the estimated bill for the period service is desired. The minimum charge for such short term service shall be an amount equal to six times the minimum monthly charge, payable in advance. When construction is necessary, the cost of installation and removal of all equipment, less salvage value, shall be borne by the customer, and a sufficient amount to cover these charges shall be paid in advance. A part of a month shall be considered a full month for computing all charges hereunder.

(B) Space Heating

Customers who take service under this classification for 10 kW or more of permanently installed space heating equipment may elect to have the electricity for this service billed separately. All monthly use shall be billed at a Distribution Charge of 2.764 ¢/kWh during the billing months of October through May and 4.280 ¢/kWh during the summer billing months. When this option is requested it shall apply for at least 12 months and shall be subject to a minimum charge of \$26.96 per year per kW of space heating capacity. This provision applies for both heating and cooling where the two services are combined by the manufacturer in a single self-contained unit.

All usage under this Special Provision shall also be subject to Parts (3), (4), (5), (6), (7) and (8) of RATE – MONTHLY.

(C) Auxiliary Or Standby Service

Auxiliary or standby service will not be supplied under this service classification.

Any customer who operates or receives electric service from a qualifying facility and who requires auxiliary or standby service shall be eligible to take such service under Service Classification No. 7 of this Schedule. The term "qualifying facility" shall mean a generating facility that meets the qualifying facility requirements established by the Federal Energy Regulatory Commission's rules (18 CFR Part 292) implementing the Public Utility Regulatory Policies Act of 1978.

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

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**SERVICE CLASSIFICATION NO. 3  
RESIDENTIAL TIME-OF-DAY HEATING SERVICE (Continued)**

**RATE – MONTHLY (Continued)**

(6) Smart Grid Surcharge

In accordance with General Information Section 36, a Smart Grid Surcharge shall be assessed on all kWh delivered hereunder.

(7) Securitization Charges

In accordance with General Information Section 35, the Securitization Charges shall be assessed on all kWh delivered hereunder.

(8) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 31.

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

**MINIMUM CHARGE EACH CONTRACT EACH LOCATION**

The Customer Charge, not less than \$59.52 per contract.

**TERMS OF PAYMENT**

Bills are due in accordance with General Information Section No. 10.

**TERM**

The initial term of service shall be one year. Customers opting for this rate shall not be entitled to service at the same location under the Company's Service Classification Nos. 1 or 5 until one year from the date of service or thereafter on the annual anniversary date upon 5 days' prior written notice.

**EXTENSION OF FACILITIES**

Where service is supplied from an extension the charges thereon shall be determined as provided in General Information.

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

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**SERVICE CLASSIFICATION NO. 4  
PUBLIC STREET LIGHTING SERVICE (Continued)**

**RATE – MONTHLY (Continued)**

(3) Societal Benefits Charge

In accordance with the General Information Section 33, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.

The Societal Benefits Charge applies to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(4) Regional Greenhouse Gas Initiative Surcharge

In accordance with the General Information Section 34, a Regional Greenhouse Gas Initiative (RGGI) Surcharge shall be assessed on all kWh delivered hereunder.

The RGGI Surcharge applies to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(5) Smart Grid Surcharge

In accordance with General Information Section 36, a Smart Grid Surcharge shall be assessed on all kWh delivered hereunder.

The Smart Grid Surcharge applies to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(6) Securitization Charges

In accordance with General Information Section 35, the Securitization Charges shall be assessed on all kWh delivered hereunder.

The Securitization Charges apply to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

\* See Monthly Burn Hours Table.

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

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**SERVICE CLASSIFICATION NO. 4  
PUBLIC STREET LIGHTING SERVICE (Continued)**

**RATE – MONTHLY (Continued)**

(7) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 31.

The Basic Generation Service charge applies to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

Taxes apply to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

**MINIMUM CHARGE PER LUMINAIRE**

The Minimum Charge Per Luminaire shall be the monthly charge as specified in RATE – MONTHLY, Parts (1) and (2) times sixty months (five years). Should the monthly charge change during the Initial Term, the Minimum Charge Per Luminaire shall be prorated accordingly.

\* See Monthly Burn Hours Table

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

**SERVICE CLASSIFICATION NO. 5  
RESIDENTIAL SPACE HEATING SERVICE (Continued)**

**RATE - MONTHLY (Continued)**

(3) Transmission Charge

- (a) These charges apply to all customers taking Basic Generation Service from the Company. These charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. These charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1.

	<u>Summer Months*</u>	<u>Other Months</u>
First 250 kWh ... @	0.794 ¢ per kWh	0.794 ¢ per kWh
Next 450 kWh ... @	0.794 ¢ per kWh	0.794 ¢ per kWh
Over 700 kWh ... @	0.794 ¢ per kWh	0.794 ¢ per kWh

- (b) Transmission Surcharge – This charge is applicable to all customers taking Basic Generation Service from the Company and includes surcharges related to Reliability Must Run and Transmission Enhancement Charges.

All kWh ... @	0.111 ¢ per kWh	0.111 ¢ per kWh
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(4) Societal Benefits Charge

In accordance with General Information Section 33, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder.

(5) Regional Greenhouse Gas Initiative Surcharge

In accordance with General Information Section 34, a Regional Greenhouse Gas Initiative Surcharge shall be assessed on all kWh delivered hereunder.

(6) Smart Grid Surcharge

In accordance with General Information Section 36, a Smart Grid Surcharge shall be assessed on all kWh delivered hereunder.

\* Definition of Summer Billing Months - June through September

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Ramsey, New Jersey 07446

**SERVICE CLASSIFICATION NO. 5  
RESIDENTIAL SPACE HEATING SERVICE (Continued)**

**RATE - MONTHLY (Continued)**

(7) Securitization Charges

In accordance with General Information Section 35, the Securitization Charges shall be assessed on all kWh delivered hereunder.

(8) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 31.

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

**MINIMUM CHARGE EACH CONTRACT EACH LOCATION**

\$3.88 monthly, not less than \$23.28 per contract.

**TERMS OF PAYMENT**

Bills are due in accordance with General Information Section No. 10.

**TERM**

Terminable at any time unless a specified period is required under a line extension agreement.

**EXTENSION OF FACILITIES**

Where service is supplied from an extension the charges thereon shall be determined as provided in General Information.

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

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**SERVICE CLASSIFICATION NO. 6  
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)**

**RATE – MONTHLY (Continued)**

(1) Distribution and Transmission Charges (Continued)

(b) Distribution and Transmission Charges for Service Type C

The above Transmission Charges apply to all customers taking Basic Generation Service from the Company. Transmission charges are also applicable to customers located in the Company's Central and Western Divisions and obtaining Competitive Energy Supply. Transmission charges are not applicable to customers located in the Company's Eastern Division and obtaining Competitive Energy Supply. The Company's Eastern, Central and Western Divisions are defined in General Information Section No. 1. A Transmission Surcharge, to recover Reliability Must Run Charges, of 0.000 ¢ per kWh will also apply to all customers taking Basic Generation Service from the Company.

(2) Societal Benefits Charge

In accordance with General Information Section 33, a Societal Benefits Charge shall be assessed on all kWh delivered hereunder. For service type A, B, or C if not metered, the Societal Benefits Charge shall be applied to the kWh estimated as follows:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(3) Regional Greenhouse Gas Initiative Surcharge

In accordance with the General Information Section 34, a Regional Greenhouse Gas Initiative ("RGGI") Surcharge shall be assessed on all kWh delivered hereunder. For service type A, B, or C if not metered, the RGGI Surcharge shall be applied to the kWh estimated as follows:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(4) Smart Grid Surcharge

In accordance with General Information Section 36, a Smart Grid Surcharge ("SGS") shall be assessed on all kWh delivered hereunder. For service type A, B, or C if not metered, the SGS shall be applied to the kWh estimated as follows:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

\* See Monthly Burn Hours Table.

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

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**SERVICE CLASSIFICATION NO. 6  
PRIVATE OVERHEAD LIGHTING SERVICE (Continued)**

**RATE – MONTHLY (Continued)**

(5) Securitization Charges

In accordance with General Information Section 35, the Securitization Charges shall be assessed on all kWh delivered hereunder. For service type A, B, or C if not metered, the Securitization Charges shall be applied to the kWh estimated as follows:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

(6) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 31. For service type A, B, or C if not metered, the Basic Generation Service charge shall be applied to the kWh estimated as follows:

$$\text{kWh} = (\text{Total Wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

Taxes apply to the kWh estimate in the following manner:

$$\text{kWh} = (\text{Total wattage divided by } 1,000) \text{ times Monthly Burn Hours}^*$$

**MONTHLY BURN HOURS TABLE**

January	430	July	267
February	361 (**)	August	298
March	358	September	328
April	302	October	383
May	277	November	407
June	249	December	440

\* See Monthly Burn Hours Table.

\*\* 373 Burning Hours for Leap Year

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

**SERVICE CLASSIFICATION NO. 7  
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

**RATE- MONTHLY (Continued)**

(5) Regional Greenhouse Gas Initiative Surcharge

In accordance with General Information Section 34, a Regional Greenhouse Gas Initiative Surcharge shall be assessed on all kWh delivered hereunder.

(6) Smart Grid Surcharge

In accordance with General Information Section 36, a Smart Grid Surcharge shall be assessed on all kWh delivered hereunder.

(7) Securitization Charges

In accordance with General Information Section 35, the Securitization Charges shall be assessed on all kWh delivered hereunder.

(8) CIEP Standby Fee

In accordance with General Information Section 32, a CIEP Standby Fee shall be assessed on all kWh delivered hereunder.

(9) Basic Generation Service

Customers taking Basic Generation Service from the Company will be billed for such service in accordance with General Information Section No. 31.

In accordance with Riders CBT, SUT and TEFA, the charges in this Rate Schedule include provision for the New Jersey Corporation Business Tax, the New Jersey Sales and Use Tax, and until it expires, a temporary Transitional Energy Facility Assessment. When billed to customers exempt from one or more of these taxes, as set forth in Riders CBT, SUT and TEFA, such charges will be reduced by the relevant amount of such taxes included therein.

**MINIMUM MONTHLY CHARGE**

The Customer Charge.

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Saddle River, New Jersey 07458

**SERVICE CLASSIFICATION NO. 7  
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

**SPECIAL PROVISIONS**

(A) Space Heating

Customers who take service under this classification for 10 kW or more of permanently installed space heating equipment may elect to have the electricity for this service billed separately. All monthly use shall be billed at a Distribution Charge of 2.763 ¢ per kWh during the billing months of October through May and 4.278 ¢ per kWh during the summer billing months and a Transmission Charge of 0.552 ¢ per kWh and a Transmission Surcharge of 0.125 ¢ per kWh during all billing months.

When this option is requested it shall apply for at least 12 months and shall be subject to a minimum charge of \$26.96 per year per kW of space heating capacity. This provision applies for both heating and cooling where the two services are combined by the manufacturer in a single self-contained unit.

All usage under this Special Provision shall also be subject to Parts (4), (5), (6), (7), (8) and (9) of RATE – MONTHLY. This Special Provision is not available to those customers taking high voltage distribution service.

(B) Budget Billing Plan

Any condominium association or cooperative housing corporation who takes service hereunder and any other customer taking service under Special Provision B of this Service Classification may, upon request, be billed monthly in accordance with the budget billing plan provided for in General Information Section 8 of this tariff.

(Continued)

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ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President  
Ramsey, New Jersey 07446

# APPENDIX A

**ROCKLAND ELECTRIC COMPANY**

**Determination of Smart Grid Surcharge ("SGS") to be Effective with  
Service Rendered on or after June 1, 2011**

**Reconciliation of SGS for the Period July 1, 2010 - May 31, 2011**

SGS Program Recoveries (July 1, 2010 - May 31, 2011)	\$225,815
SGS Program Revenue Requirement	285,394
SGS Program (Over)/Under Recovery Balance	59,579
Interest (Over)/Under Recovery Balance	<u>(181)</u>
Total SGS Program (Over)/Under Recovery Balance for 12 ME 5/31/2011	59,398

**Determination of SGS Effective June 1, 2011**

Projected Sales (kWh) 12 months ending May 31, 2012	1,643,799,000
\$ per kWh Reconciliation to be (Refunded)/Surcharged for SGS Programs	\$0.000036
Revenue Requirement for 12 Months Ending May 31, 2012	\$703,895
\$ per kWh Projected Spending to be (Refunded)/Surcharged	\$0.000428
<b><u>Proposed SGS Excluding SUT (\$ per kWh)</u></b>	\$0.000464
Sales and Use Tax ("SUT")	1.07
<b><u>Proposed SGS Including SUT (\$ per kWh)</u></b>	\$0.000497

**ROCKLAND ELECTRIC COMPANY**

**Determination of Smart Grid Surcharge ("SGS") to be Effective with  
Service Rendered on or after June 1, 2011**

<b><u>SGS Components</u></b>	<b>Rate Incl. RA; Excl. SUT (¢/kWh)</b>	<b>Rate<sup>1</sup> Incl. RA &amp; SUT (¢/kWh)</b>	<b>Rate<sup>2</sup> Excl. RA; Incl. SUT (¢/kWh)</b>
SGS Reconciliation Adjustment ("RA")	0.0036	0.0039	-
SGS	<u>0.0428</u>	<u>0.0458</u>	<u>0.0458</u>
Total	0.0464	0.0497	0.0458

Notes:           <sup>1</sup> Effective through May 31, 2012  
                      <sup>2</sup> Effective after May 31, 2012



**ROCKLAND ELECTRIC COMPANY**

**Determination of Smart Grid Surcharge ("SGS") to be Effective with  
Service Rendered on or after June 1, 2011**

	<u>Jun-10</u> Actual	<u>Jul-10</u> Actual	<u>Aug-10</u> Actual	<u>Sep-10</u> Actual	<u>Oct-10</u> Actual	<u>Nov-10</u> Actual	<u>Dec-10</u> Actual	<u>Jan-11</u> Actual*	<u>Feb-11</u> Estimate	<u>Mar-11</u> Estimate	<u>Apr-11</u> Estimate	<u>May-11</u> Estimate
<u>CWIP</u>												
Beginning of Period	0	35,124	64,824	175,491	120,015	164,499	280,538	734,752	196,820	552,003	825,174	1,617,182
Activity												
Capex	35,124	45,046	147,185	82,770	104,653	205,289	638,074	77,956	411,374	370,969	937,802	274,445
Closings to Plant	0	(15,346)	(36,518)	(138,246)	(60,169)	(89,250)	(183,860)	(615,888)	(56,191)	(97,798)	(145,794)	(165,794)
End of Period	35,124	64,824	175,491	120,015	164,499	280,538	734,752	196,820	552,003	825,174	1,617,182	1,725,833
Average	17,562	49,974	120,158	147,753	142,257	222,519	507,645	465,786	374,412	688,589	1,221,178	1,671,508
<u>Plant in Service</u>												
Beginning of Period	0	0	15,346	51,864	190,110	250,279	339,529	523,389	1,139,277	1,195,468	1,293,266	1,439,060
Activity	0	15,346	36,518	138,246	60,169	89,250	183,860	615,888	56,191	97,798	145,794	165,794
End of Period	0	15,346	51,864	190,110	250,279	339,529	523,389	1,139,277	1,195,468	1,293,266	1,439,060	1,604,854
Average	0	7,673	33,605	120,987	220,195	294,904	431,459	831,333	1,167,373	1,244,367	1,366,163	1,521,957
<u>Tax Depreciation</u>												
Beginning of Period	0	0	664	2,909	16,673	35,452	61,668	103,206	196,068	293,613	399,307	517,151
Activity	0	664	2,244	13,765	18,779	26,216	41,538	92,862	97,544	105,694	117,844	131,660
End of Period	0	664	2,909	16,673	35,452	61,668	103,206	196,068	293,613	399,307	517,151	648,811
Average	0	332	1,787	9,791	26,063	48,560	82,437	149,637	244,840	346,460	458,229	582,981
<u>Book Depreciation</u>												
Beginning of Period	0	0	44	190	720	1,422	2,371	3,855	7,122	10,546	14,252	18,480
Activity	0	44	146	530	701	950	1,484	3,267	3,424	3,706	4,228	4,804
End of Period	0	44	190	720	1,422	2,371	3,855	7,122	10,546	14,252	18,480	23,284
Average	0	22	117	455	1,071	1,897	3,113	5,489	8,834	12,399	16,366	20,882
<u>Deferred Tax Balance</u>												
Beginning of Period	0	0	255	1,117	6,553	13,980	24,359	40,813	77,619	116,284	158,180	204,854
Activity	0	255	862	5,437	7,426	10,379	16,454	36,806	38,665	41,897	46,674	52,112
End of Period	0	255	1,117	6,553	13,980	24,359	40,813	77,619	116,284	158,180	204,854	256,966
Average	0	127	686	3,835	10,267	19,169	32,586	59,216	96,951	137,232	181,517	230,910
Net Rate Base - Average	0	7,524	32,802	116,697	208,857	273,838	395,759	766,628	1,061,587	1,094,736	1,168,280	1,270,165
<u>Expenses</u>												
Book Depreciation	0	44	146	530	701	950	1,484	3,267	3,424	3,706	4,228	4,804
O&M Expenses	411	1,245	0	36,549	12,150	2,216	33,040	8,166	30,000	20,000	0	0
Total Expenses	411	1,289	146	37,079	12,851	3,166	34,524	11,433	33,424	23,706	4,228	4,804
<u>Revenue Requirement</u>												
Net Rate Base plus CWIP	17,562	57,498	152,960	264,450	351,114	496,357	903,404	1,232,414	1,435,998	1,783,324	2,389,458	2,941,672
ROR	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%
Earnings Base	172	564	1,499	2,592	3,441	4,865	8,855	12,080	14,075	17,479	23,420	28,833
Earnings - Expense	411	1,289	146	37,079	12,851	3,166	34,524	11,433	33,424	23,706	4,228	4,804
Total Earnings Effect	583	1,852	1,646	39,671	16,293	8,031	43,379	23,512	47,499	41,186	27,648	33,637
Uncollectibles Factor	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016
Revenue requirement	584	1,855	1,648	39,735	16,319	8,044	43,448	23,550	47,575	41,252	27,692	33,691
										<b>12 Month Total</b>		<b>285,394</b>

**ROCKLAND ELECTRIC COMPANY**

**Determination of Smart Grid Surcharge ("SGS") to be Effective with  
Service Rendered on or after June 1, 2011**

	<u>Jun-11</u> Estimate	<u>Jul-11</u> Estimate	<u>Aug-11</u> Estimate	<u>Sep-11</u> Estimate	<u>Oct-11</u> Estimate	<u>Nov-11</u> Estimate	<u>Dec-11</u> Estimate	<u>Jan-12</u> Estimate	<u>Feb-12</u> Estimate	<u>Mar-12</u> Estimate	<u>Apr-12</u> Estimate	<u>May-12</u> Estimate
<u>CWIP</u>												
Beginning of Period	1,725,833	1,900,778	2,096,458	2,322,282	2,645,692	3,436,234	3,545,231	3,748,550	3,984,281	359,586	464,278	427,024
Activity												
Capex	280,310	301,045	346,720	444,306	979,361	336,569	316,391	348,803	294,378	221,008	127,646	115,185
Closings to Plant	(105,365)	(105,365)	(120,896)	(120,896)	(188,819)	(227,572)	(113,072)	(113,072)	(3,919,073)	(116,316)	(164,900)	(122,584)
End of Period	1,900,778	2,096,458	2,322,282	2,645,692	3,436,234	3,545,231	3,748,550	3,984,281	359,586	464,278	427,024	419,625
Average	1,813,306	1,998,618	2,209,370	2,483,987	3,040,963	3,490,733	3,646,891	3,866,416	2,171,934	411,932	445,651	423,325
<u>Plant in Service</u>												
Beginning of Period	1,604,854	1,710,219	1,815,584	1,936,480	2,057,376	2,246,195	2,473,767	2,586,839	2,699,911	6,618,984	6,735,300	6,900,200
Activity	105,365	105,365	120,896	120,896	188,819	227,572	113,072	113,072	3,919,073	116,316	164,900	122,584
End of Period	1,710,219	1,815,584	1,936,480	2,057,376	2,246,195	2,473,767	2,586,839	2,699,911	6,618,984	6,735,300	6,900,200	7,022,784
Average	1,657,537	1,762,902	1,876,032	1,996,928	2,151,786	2,359,981	2,530,303	2,643,375	4,659,448	6,677,142	6,817,750	6,961,492
<u>Tax Depreciation</u>												
Beginning of Period	648,811	789,251	937,855	1,095,066	1,250,832	1,417,318	1,595,330	1,767,444	1,893,142	2,183,779	2,471,371	2,754,144
Activity	140,440	148,604	157,211	155,765	166,486	178,013	172,114	125,697	290,637	287,592	282,773	274,349
End of Period	789,251	937,855	1,095,066	1,250,832	1,417,318	1,595,330	1,767,444	1,893,142	2,183,779	2,471,371	2,754,144	3,028,493
Average	719,031	863,553	1,016,461	1,172,949	1,334,075	1,506,324	1,681,387	1,830,293	2,038,460	2,327,575	2,612,757	2,891,319
<u>Book Depreciation</u>												
Beginning of Period	23,284	28,418	33,881	39,760	46,054	52,967	60,850	69,068	77,622	93,426	109,634	126,517
Activity	5,134	5,463	5,879	6,295	6,912	7,883	8,218	8,553	15,804	16,208	16,883	17,322
End of Period	28,418	33,881	39,760	46,054	52,967	60,850	69,068	77,622	93,426	109,634	126,517	143,839
Average	25,851	31,149	36,820	42,907	49,510	56,908	64,959	73,345	85,524	101,530	118,076	135,178
<u>Deferred Tax Balance</u>												
Beginning of Period	256,966	312,550	371,353	433,520	494,922	560,475	630,365	697,693	745,816	858,717	970,201	1,079,429
Activity	55,584	58,802	62,167	61,403	65,553	69,889	67,328	48,123	112,901	111,484	109,228	105,587
End of Period	312,550	371,353	433,520	494,922	560,475	630,365	697,693	745,816	858,717	970,201	1,079,429	1,185,016
Average	284,758	341,952	402,436	464,221	527,699	595,420	664,029	721,754	802,266	914,459	1,024,815	1,132,223
Net Rate Base - Average	1,346,927	1,389,801	1,436,775	1,489,800	1,574,576	1,707,653	1,801,315	1,848,276	3,771,657	5,661,153	5,674,859	5,694,092
<u>Expenses</u>												
Book Depreciation	5,134	5,463	5,879	6,295	6,912	7,883	8,218	8,553	15,804	16,208	16,883	17,322
O&M Expenses	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	5,134	5,463	5,879	6,295	6,912	7,883	8,218	8,553	15,804	16,208	16,883	17,322
<u>Revenue Requirement</u>												
Net Rate Base plus CWIP	3,160,233	3,388,419	3,646,145	3,973,787	4,615,539	5,198,385	5,448,206	5,714,691	5,943,591	6,073,085	6,120,510	6,117,416
ROR	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%	11.76%
Earnings Base	30,975	33,212	35,738	38,949	45,240	50,952	53,401	56,013	58,257	59,526	59,991	59,960
Earnings - Expense	5,134	5,463	5,879	6,295	6,912	7,883	8,218	8,553	15,804	16,208	16,883	17,322
Total Earnings Effect	36,109	38,675	41,617	45,244	52,152	58,836	61,619	64,566	74,061	75,734	76,873	77,282
Uncollectibles Factor	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016	1.0016
Revenue requirement	36,167	38,737	41,684	45,316	52,235	58,930	61,718	64,670	74,180	75,856	76,997	77,406
										<b>12 Month Total</b>		<b>703,895</b>

**ROCKLAND ELECTRIC COMPANY**

**Determination of Smart Grid Surcharge ("SGS") to be Effective with Service Rendered on or after June 1, 2011**

**Project Spending**

	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Total</u>
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Estimate	Estimate	Estimate	Estimate	
1 Distribution Automation & Smart Grid	\$30,687	\$74,725	\$276,493	\$190,742	\$202,329	\$355,282	\$1,245,993	\$127,912	\$247,915	\$247,915	\$247,915	\$184,271	\$3,432,179
2 Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0
3 South Mahwah Sub - Underground Dist. Circuit Exits	316	325	929	1,127	5,831	7,025	12,722	7,686	158,725	40,100	40,100	45,756	320,642
4 South Mahwah Sub - 138kV UG Intrastation Tie	0	1,406	0	1,430	2,672	1,086	2,452	4,718	119,859	116,434	41,101	14,651	305,809
5 South Mahwah Sub - Overhead Circuit Exits	540	572	0	74	0	639	0	0	146,660	146,660	6,706	6,706	308,555
6 South Mahwah Substation Upgrade	38,591	14,517	16,949	42,497	22,304	34,108	24,178	1,192	125,404	130,654	1,446,780	265,780	2,162,955
7 South Mahwah Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Darlington Substation Upgrade	0	0	0	0	0	0	0	0	7,493	7,493	7,780	3,717	26,483
9 Darlington Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Distribution Circuit Modifications	110	237	0	74	0	0	5,019	29,934	69,008	9,008	1,550	1,550	116,488
11 Communications	<u>828</u>	<u>801</u>	<u>0</u>	<u>2,694</u>	<u>470</u>	<u>16,870</u>	<u>51,865</u>	<u>802</u>	<u>7,680</u>	<u>83,673</u>	<u>83,673</u>	<u>26,457</u>	<u>275,811</u>
Totals	71,071	92,582	294,371	238,638	233,606	415,010	1,342,229	172,243	882,744	781,937	1,875,604	548,888	6,948,922

**Portion Recoverable From RECO Customers**

	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Total</u>
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Estimate	Estimate	Estimate	Estimate	
1 Distribution Automation & Smart Grid	\$15,343	\$37,363	\$138,246	\$95,371	\$101,165	\$177,641	\$622,996	\$63,956	\$123,958	\$123,958	\$123,958	\$92,136	\$1,716,091
2 Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0
3 South Mahwah Sub - Underground Dist. Circuit Exits	158	162	464	564	2,915	3,512	6,361	3,843	79,363	20,050	20,050	22,878	160,320
4 South Mahwah Sub - 138kV UG Intrastation Tie	0	703	0	715	1,336	543	1,226	2,359	59,930	58,217	20,550	7,325	152,904
5 South Mahwah Sub - Overhead Circuit Exits	270	286	0	37	0	320	0	0	73,330	73,330	3,353	3,353	154,279
6 South Mahwah Substation Upgrade	19,295	7,258	8,475	21,248	11,152	17,054	12,089	596	62,702	65,327	723,390	132,890	1,081,476
7 South Mahwah Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Darlington Substation Upgrade	0	0	0	0	0	0	0	0	3,747	3,747	3,890	1,859	13,243
9 Darlington Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Distribution Circuit Modifications	55	119	0	37	0	0	2,510	14,967	34,504	4,504	775	775	58,246
11 Communications	<u>414</u>	<u>400</u>	<u>0</u>	<u>1,347</u>	<u>235</u>	<u>8,435</u>	<u>25,932</u>	<u>401</u>	<u>3,840</u>	<u>41,836</u>	<u>41,836</u>	<u>13,229</u>	<u>137,905</u>
Totals	35,535	46,291	147,185	119,319	116,803	207,505	671,114	86,122	441,374	390,969	937,802	274,445	3,474,464

**O&M Portion of Spending**

	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Total</u>
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Estimate	Estimate	Estimate	Estimate	
1 Distribution Automation & Smart Grid	\$411	\$1,245	\$0	\$36,549	\$12,150	\$2,216	\$33,040	\$8,166	\$30,000	\$20,000	\$0	\$0	\$143,777
2 Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0
3 South Mahwah Sub - Underground Dist. Circuit Exits	0	0	0	0	0	0	0	0	0	0	0	0	0
4 South Mahwah Sub - 138kV UG Intrastation Tie	0	0	0	0	0	0	0	0	0	0	0	0	0
5 South Mahwah Sub - Overhead Circuit Exits	0	0	0	0	0	0	0	0	0	0	0	0	0
6 South Mahwah Substation Upgrade	0	0	0	0	0	0	0	0	0	0	0	0	0
7 South Mahwah Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Darlington Substation Upgrade	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Darlington Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Distribution Circuit Modifications	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Communications	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	411	1,245	0	36,549	12,150	2,216	33,040	8,166	30,000	20,000	0	0	143,777

**Net Capital Spending**

	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>	<u>Oct-10</u>	<u>Nov-10</u>	<u>Dec-10</u>	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Total</u>
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Estimate	Estimate	Estimate	Estimate	
1 Distribution Automation & Smart Grid	\$14,932	\$36,118	\$138,246	\$58,822	\$89,015	\$175,425	\$589,956	\$55,790	\$93,958	\$103,958	\$123,958	\$92,136	\$1,572,314
2 Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0
3 South Mahwah Sub - Underground Dist. Circuit Exits	158	162	464	564	2,915	3,512	6,361	3,843	79,363	20,050	20,050	22,878	160,320
4 South Mahwah Sub - 138kV UG Intrastation Tie	0	703	0	715	1,336	543	1,226	2,359	59,930	58,217	20,550	7,325	152,904
5 South Mahwah Sub - Overhead Circuit Exits	270	286	0	37	0	320	0	0	73,330	73,330	3,353	3,353	154,279
6 South Mahwah Substation Upgrade	19,295	7,258	8,475	21,248	11,152	17,054	12,089	596	62,702	65,327	723,390	132,890	1,081,476
7 South Mahwah Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Darlington Substation Upgrade	0	0	0	0	0	0	0	0	3,747	3,747	3,890	1,859	13,243
9 Darlington Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Distribution Circuit Modifications	55	119	0	37	0	0	2,510	14,967	34,504	4,504	775	775	58,246
11 Communications	<u>414</u>	<u>400</u>	<u>0</u>	<u>1,347</u>	<u>235</u>	<u>8,435</u>	<u>25,932</u>	<u>401</u>	<u>3,840</u>	<u>41,836</u>	<u>41,836</u>	<u>13,229</u>	<u>137,905</u>
Totals	35,124	45,046	147,185	82,770	104,653	205,289	638,074	77,956	411,374	370,969	937,802	274,445	3,330,687

\* O&M Expenditures for January 2011 are estimates.

**ROCKLAND ELECTRIC COMPANY**

**Determination of Smart Grid Surcharge ("SGS") to be Effective with Service Rendered on or after June 1, 2011**

Project Spending

	<u>Jun-11</u> Estimate	<u>Jul-11</u> Estimate	<u>Aug-11</u> Estimate	<u>Sep-11</u> Estimate	<u>Oct-11</u> Estimate	<u>Nov-11</u> Estimate	<u>Dec-11</u> Estimate	<u>Jan-12</u> Estimate	<u>Feb-12</u> Estimate	<u>Mar-12</u> Estimate	<u>Apr-12</u> Estimate	<u>May-12</u> Estimate	<u>Total</u>
1 Distribution Automation & Smart Grid	\$184,271	\$184,271	\$184,271	\$310,577	\$211,056	\$211,056	\$211,056	\$276,442	\$174,185	\$174,185	\$174,185	\$153,464	\$2,449,024
2 Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0
3 South Mahwah Sub - Underground Dist. Circuit Exits	55,756	44,156	101,756	101,756	101,756	101,756	78,700	1,088	1,088	1,088	1,088	1,088	591,073
4 South Mahwah Sub - 138kV UG Intrastation Tie	11,091	20,097	20,097	20,097	20,097	11,091	11,091	72,331	72,331	72,331	1,331	1,331	333,318
5 South Mahwah Sub - Overhead Circuit Exits	6,706	6,706	6,706	6,706	6,706	6,706	6,706	0	0	0	0	0	46,939
6 South Mahwah Substation Upgrade	271,070	284,070	317,820	377,145	1,369,750	299,775	278,275	260,395	251,000	31,092	0	0	3,740,392
7 South Mahwah Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Darlington Substation Upgrade	3,717	3,717	3,717	3,717	3,717	26,117	30,317	28,905	31,705	7,705	7,705	3,505	154,545
9 Darlington Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Distribution Circuit Modifications	1,550	1,550	1,550	1,550	1,550	1,550	1,550	0	0	0	0	0	10,848
11 Communications	26,457	57,520	57,520	67,059	244,087	15,087	15,087	58,446	58,446	155,615	70,982	70,982	897,289
Totals	560,618	602,087	693,437	888,607	1,958,719	673,137	632,782	697,606	588,755	442,016	255,291	230,370	8,223,426

Portion Recoverable From RECO Customers

	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Total</u>
1 Distribution Automation & Smart Grid	\$92,136	\$92,136	\$92,136	\$155,289	\$105,528	\$105,528	\$105,528	\$138,221	\$87,093	\$87,093	\$87,093	\$76,732	\$1,224,513
2 Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0
3 South Mahwah Sub - Underground Dist. Circuit Exits	27,878	22,078	50,878	50,878	50,878	50,878	39,350	544	544	544	544	544	295,538
4 South Mahwah Sub - 138kV UG Intrastation Tie	5,545	10,049	10,049	10,049	10,049	5,545	5,545	36,166	36,166	36,166	666	666	166,661
5 South Mahwah Sub - Overhead Circuit Exits	3,353	3,353	3,353	3,353	3,353	3,353	3,353	0	0	0	0	0	23,471
6 South Mahwah Substation Upgrade	135,535	142,035	158,910	188,573	684,875	149,887	139,137	130,197	125,500	15,546	0	0	1,870,195
7 South Mahwah Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Darlington Substation Upgrade	1,859	1,859	1,859	1,859	1,859	13,059	15,159	14,452	15,852	3,852	3,852	1,752	77,273
9 Darlington Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Distribution Circuit Modifications	775	775	775	775	775	775	775	0	0	0	0	0	5,425
11 Communications	13,229	28,760	28,760	33,530	122,044	7,544	7,544	29,223	29,223	77,807	35,491	35,491	448,646
Totals	280,310	301,045	346,720	444,306	979,361	336,569	316,391	348,803	294,378	221,008	127,646	115,185	4,111,722

O&M Portion of Spending

	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Total</u>
1 Distribution Automation & Smart Grid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0
3 South Mahwah Sub - Underground Dist. Circuit Exits	0	0	0	0	0	0	0	0	0	0	0	0	0
4 South Mahwah Sub - 138kV UG Intrastation Tie	0	0	0	0	0	0	0	0	0	0	0	0	0
5 South Mahwah Sub - Overhead Circuit Exits	0	0	0	0	0	0	0	0	0	0	0	0	0
6 South Mahwah Substation Upgrade	0	0	0	0	0	0	0	0	0	0	0	0	0
7 South Mahwah Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Darlington Substation Upgrade	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Darlington Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Distribution Circuit Modifications	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Communications	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	0	0	0	0	0	0	0	0	0	0	0	0	0

Net Capital Spending

	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Total</u>
1 Distribution Automation & Smart Grid	\$92,136	\$92,136	\$92,136	\$155,289	\$105,528	\$105,528	\$105,528	\$138,221	\$87,093	\$87,093	\$87,093	\$76,732	\$1,224,513
2 Reserved	0	0	0	0	0	0	0	0	0	0	0	0	0
3 South Mahwah Sub - Underground Dist. Circuit Exits	27,878	22,078	50,878	50,878	50,878	50,878	39,350	544	544	544	544	544	295,538
4 South Mahwah Sub - 138kV UG Intrastation Tie	5,545	10,049	10,049	10,049	10,049	5,545	5,545	36,166	36,166	36,166	666	666	166,661
5 South Mahwah Sub - Overhead Circuit Exits	3,353	3,353	3,353	3,353	3,353	3,353	3,353	0	0	0	0	0	23,471
6 South Mahwah Substation Upgrade	135,535	142,035	158,910	188,573	684,875	149,887	139,137	130,197	125,500	15,546	0	0	1,870,195
7 South Mahwah Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Darlington Substation Upgrade	1,859	1,859	1,859	1,859	1,859	13,059	15,159	14,452	15,852	3,852	3,852	1,752	77,273
9 Darlington Substation Upgrade (Part 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Distribution Circuit Modifications	775	775	775	775	775	775	775	0	0	0	0	0	5,425
11 Communications	13,229	28,760	28,760	33,530	122,044	7,544	7,544	29,223	29,223	77,807	35,491	35,491	448,646
Totals	280,310	301,045	346,720	444,306	979,361	336,569	316,391	348,803	294,378	221,008	127,646	115,185	4,111,722

**ROCKLAND ELECTRIC COMPANY**

**Determination of Smart Grid Surcharge ("SGS") to be Effective with  
Service Rendered on or after June 1, 2011**

Case ER09080668

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	Weighted Average Ratio
Long Term Debt	\$ 521,503	49.76%	6.16%	3.07%	3.07%
Short Term Debt	4,044	0.39%	1.50%	0.01%	0.01%
Common Equity	522,465	49.85%	10.30%	5.13%	8.69%
Total	<u>\$ 1,048,012</u>	<u>100%</u>		<u>8.21%</u>	<u>11.76%</u>