STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PROVISION OF BASIC GENERATION SERVICE FOR THE PERIOD BEGINNING JUNE 1, 2016	Docket No. ER15040482

ROCKLAND ELECTRIC COMPANY

PROPOSAL FOR BASIC GENERATION SERVICE REQUIREMENTS TO BE PROCURED EFFECTIVE JUNE 1, 2016

COMPANY SPECIFIC ADDENDUM COMPLIANCE FILING

Margaret Comes, Esq.
4 Irving Place
New York, NY 10003
(212) 460-3013

Attorney for Rockland Electric Company

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RECO's COMPANY SPECIFIC ADDENDUM

A. Introduction to RECO's Company Specific Filing

In its Decision and Order dated May 19, 2015 in Docket ER15040482, the New Jersey Board of Public Utilities ("Board" or "NJBPU") directed New Jersey's four investor owned electric distribution companies ("EDCs") to file proposals with the Board by no later than July 1, 2015 on the procurement of basic generation service ("BGS") for the period beginning June 1, 2016. This document constitutes the company-specific portion of the compliance filing for Rockland Electric Company ("RECO" or the "Company") mandated by the Board. RECO's filing also includes and incorporates by reference the Proposal for BGS Requirements to be Procured Effective June 1, 2016, filed by New Jersey's four EDCs on July 1, 2015 ("EDC Compliance Filing").

B. Use of Committed Supply

"Committed Supply" means any and all power supplies to which the EDCs have an existing physical or financial entitlement that may extend into or through the BGS bid period. This will include Non-Utility Generation ("NUG") contracts, including any restructured replacement power contracts; any wholesale purchases previously contracted for by the EDCs, and any generation assets, or options for/calls upon assets, still owned or under contract to the EDCs. RECO has no Committed Supply.

C. RECO Tranche Configuration

In its Decision and Order issued June 18, 2012 in Docket No. ER12020150, the Board lowered the threshold for the BGS-CIEP class to include all commercial and industrial customers with a peak load share of 500 kW and greater.[1] RECO continues to comply with this directive and will include these customers as one tranche (at 64.4 MW of BGS-CIEP eligible load per tranche) in the BGS-CIEP Auction.

As to the BGS-RSCP[2] Auction, RECO currently has one 36-month tranche that terminates on May 31, 2016, two 36-month tranches that terminate on May 31, 2017, and one 36-month tranche that terminates on May 31, 2018. Accordingly, since the load requirements of RECO's Eastern Division are comprised of a total of four tranches, in the BGS-RSCP Auction for the period commencing June 1, 2016, RECO will include one 36-month tranche (for the period June 1, 2016 through May 31, 2019).

D. Contingency Plans

While not every contingency can be anticipated, the following three contingencies are of particular concern:

(a) The Auction Process fails to provide 100 percent of RECO's BGS Load (i.e., an insufficient number of bids to provide for a fully subscribed auction volume);

(b) A default by one of the winning bidders prior to June 1, 2016; and

(c) A default during the supply period.

The three contingencies are discussed further below:

(a) Insufficient Number of Bids

A viable Auction Process requires a sufficient degree of competition. To encourage a sufficient degree of competition, the volume of BGS power purchased at the Auction will be finally decided after the receipt of first round bids. Provided that there are

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[1] In accordance with the Board's December 8, 2005 Decision and Order (see footnote 13, at page 16), RECO will determine all eligibility criteria by measuring when a customer's billing demand exceeds the eligibility level during any two months of a calendar year.

[2] The name Basic Generation Service Fixed Pricing ("BGS-FP") had previously been replaced with the new name Basic Generation Service Residential & Small Commercial Pricing ("BGS-RSCP").

sufficient bids at the starting price, the Auction will be held for 100 percent of the BGS Load[3] (i.e., both BGS-RSCP and BGS-CIEP).

It is possible, however, that the amount of initial bids will not result in a competitive auction for 100 percent of the BGS Load. Any determination to reduce the percentage of BGS Load included in the Auction Process will be made by the Auction Manager, in consultation with the EDCs and the NJBPU advisor. It is also possible that none of RECO's BGS Load tranches will be bid upon even at the starting price.

In the event that the Auction Volume is reduced to less than 100 percent of BGS Load, or there are unsubscribed tranches at the end of the Auction, each EDC will implement a contingency plan for the remaining tranches. Under RECO's contingency plan, RECO currently intends to purchase that percentage of BGS Load, not met through the Auction Process, in PJM administered markets.[4] This purchase is a strong feature of the Auction proposal because it provides bidders a strong incentive to participate in the Auction Process.

During the 2006 BGS Auction, RECO did not receive any bids on its BGS-CIEP tranche. As a result, RECO was forced to purchase its BGS-CIEP supply from the PJM markets. In the event that RECO is not able to auction its BGS-CIEP tranche successfully in the 2016 BGS Auction, RECO proposes to employ the following procedures:

- RECO will not submit any day-ahead energy bids, rather the BGS-CIEP load will be filled from the PJM real time market.
- RECO will prepare a BGS-CIEP load backcast for the previous day and submit this backcast to PJM.

[3] Excluding the three 36-month tranches that were auctioned off successfully in the previous two BGS-RSCP Auctions.

[4] While RECO's current intention is to purchase from PJM administered markets, RECO reserves the right to consider other alternatives. Although unlikely, in the event that purchases from New York Independent System Operator ("NYISO") administered markets provide a more cost effective alternative to PJM, RECO reserves the right to make purchases from NYISO administered markets.

- RECO will purchase capacity credits from eRPM in PJM or from bilateral purchases on a monthly and daily basis.
- RECO will purchase ancillary services on a daily basis from the real time PJM market.
- RECO will set its CIEP Standby Fee at the level determined by the Board.
- RECO will fulfill any Class I, Class II, and Solar requirements, for its unsubscribed BGS tranches, by securing the needed PJM Generation Attributes Tracking ("GATS") system generated renewable energy certificates ("RECs") through any available PJM market, or bilaterally. In the event RECs are not available on the market, RECO will make the necessary Alternative Compliance Payments.
- All costs and revenue (with the exception of retail margin revenue) will flow through the reconciliation account for BGS-CIEP. Costs will include the procurement of all necessary services, including energy, capacity, ancillary services, Class I, II and Solar RECs, transmission (including SECA, transmission enhancement and RMR), and any other expenses related to the implementation of RECO's contingency plan.

(b) Defaults prior to June 1, 2016

If a winning bidder defaults prior to the commencement of the BGS service, then the open tranches may be offered to the other winning bidder(s) or these tranches will be bid out as quickly as possible. Additional costs will be assessed against the defaulting company's BGS credit security.

(c) Defaults during the Supply Period

If a default occurs during the supply period, then Tranches supplied by the defaulting party may be offered to other suppliers, bid out, or procured in PJM administered markets. If a default involves RECO's 36-month BGS-RSCP tranches, RECO only will seek replacement supply until May 31, 2017. For the remainder of the 36-month period, RECO will seek replacement supply through whatever process is implemented by the Board for the period commencing June 1, 2017.

Additional costs will be assessed against the defaulting company's BGS credit security.

E. Accounting and Cost Recovery

The accounting and cost recovery that RECO proposes with respect to BGS is summarized in this section.

(a) System Control Charge (“SCC”)

If applicable to RECO, the SCC will be calculated initially, and then annually on a cents per kWh basis and the charge will be applied to all of the Company’s electric distribution customers. This charge would be published in a separate SCC tariff leaf. This tariff leaf would be filed with the Board upon the Board’s issuance of the appropriate order(s). If applicable to RECO, the SCC would be applied to all distribution customers’ bills to provide recovery for appliance cycling load management costs. The charge would be set initially to recover estimated annual expenditures as approved by the Board. The SCC would be subject to deferred accounting with interest at the rate applicable to SBC deferrals.

(b) BGS-RSCP and BGS-CIEP Reconciliation Charges

In its Decision and Order in Docket No. ER12070643, the Board approved the Company's proposal to change the BGS-RSCP and BGS-CIEP reconciliation charges from a monthly to a quarterly mechanism. RECO will track and defer separately for the BGS-RSCP and BGS-CIEP classes of customers, on a monthly basis, any differences between BGS revenue and BGS costs.

BGS costs are comprised of the following:

1. Payments made to BGS-RSCP and BGS-CIEP suppliers;

2. RECO's pro-rata share of any procurement of capacity, energy, and ancillary services, pursuant to its FERC-approved Power Supply Agreement, and other costs incurred, including hedging and costs associated with the RECO Request for Proposal ("RFP");

3. The cost of any procurement of capacity, energy, ancillary services, transmission, and other costs incurred under the Contingency Plan less any payments recovered from defaulting suppliers;

4. Costs incurred by RECO to participate in the BGS Auction as well as any costs incurred to conduct the RECO RFP, including outside attorney and consultant expenses and other costs incurred by or allocated to RECO related to the conduct of the Auction; and

5. Any incremental administrative costs, including any costs related to compliance with Renewable Portfolio Standards, associated with the provision of BGS service.

Reconciliation charges are necessary to reconcile the differences between monthly BGS supply costs and BGS revenues from customers for BGS service. Separate BGS-RSCP and BGS-CIEP Reconciliation Charges, applicable to all BGS-RSCP and BGS-CIEP customers, respectively, will be calculated and assessed quarterly on a cents per kWh basis to reconcile previous over- or under-collections. The BGS-RSCP and BGS-CIEP Reconciliation Charges will be published in separate BGS Reconciliation Charge tariff leaves on a quarterly basis. These tariff leaves will be filed with the Board fifteen days prior to the first day of the effective quarter.

The BGS-RSCP and BGS-CIEP Reconciliation Charges will be subject to deferred accounting with interest and will be determined individually as set forth below:

The BGS-RSCP and BGS-CIEP Reconciliation Charges will be used to true up the differences between BGS costs and BGS revenues from customers.

Differences in costs and cost recovery will be computed for each month in the quarter and assessed through the BGS-RSCP and BGS-CIEP Reconciliation Charges applied to customers' bills in the following quarter. Two of these differences are as follows:

1. The difference between BGS Costs and BGS revenues for each month in the quarter.
2. The difference between the total reconciliation charge revenue intended to be recovered in each quarter and the actual reconciliation charge revenues recovered in the quarter. This difference will be driven by differences between actual kWh in the quarter in which the reconciliation charge was assessed and the kWh used to calculate the charge.

The reconciliation charges to be applied in the following quarter are calculated individually for BGS-RSCP and BGS-CIEP service as the net of the two differences described above on a monthly basis for the current quarter (plus or minus any cumulative under or over recovery from the prior quarter) divided by the forecasted BGS kWh for the following quarter.

For any given quarter, the reconciliation charges shall not exceed a charge or credit of 2.0 cents per kWh, including sales and use tax. In the event the 2.0 cents per kWh limit is imposed, any remaining over- or under-collection balance shall be included in the subsequent quarter's reconciliation charges to the extent possible within the 2.0 cents per kWh limitation.

The following table summarizes RECO's current process.

Reconciliation for the Months of:	Quarter Rate is In Effect:
February - April	June 1 - August 31
May - July	September 1 - November 30
August - October	December 1 - February 28
November - January	March 1 - May 31

Interest will be applied based on the 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. However, the interest rate shall not exceed the Company's overall rate of return as authorized by the Board. The interest rate will be determined for each month in the quarter based on the criteria above.

F. Description of BGS Tariff Changes

Draft tariff leaves indicating "X.XXX" for the rates that will change as a result of the BGS-RSCP and BGS-CIEP Auctions are included in Attachment A. For the BGS rates applicable to BGS-RSCP eligible SC No. 2 demand billed customers, the Company is maintaining the 33% demand differential for the first 5 kW and above 5 kW demand that was previously approved in its filing in Docket No ER14040370 .

Final tariff leaves including the actual BGS rates and tariff provisions to become effective on June 1, 2016 will be filed with the Board upon its issuance of an appropriate Board order approving the BGS Auction Process.

G. RECO RFP

Rockland must purchase the physical electric supply and capacity needed to meet its full service obligations for its non-PJM areas (i.e., the Company's Central and Western Divisions), which are included in the New York Control Area that is administered by the New York Independent System Operator ("NYISO"). As in the past, the Company will make such purchases from markets administered by the NYISO.

With regard to the procurement of electric supply, on April 15, 2015 in Docket Number ER140403370 the Board approved Rockland's proposal to secure a hedging contract for its electric procurement through bi-lateral contracts. On May 18, 2015 the Company conducted its procurement process and selected a winning bidder for a financial hedging contract commencing June 1, 2015 and extending through May 31, 2018. The Board approved the selection in its Order dated May 19, 2015.

As a result of this new, three-year financial contract, Rockland's energy purchases will be hedged for the BGS year commencing June 1, 2016. Therefore, no RFP proposal is necessary in this company-specific addendum for the Company's energy procurement for its Central and Western divisions.

With regard to the procurement of capacity, on August 16, 2013, FERC approved the creation of a new capacity market zone in the Lower Hudson Valley region encompassing NYISO Load Zones G, H, I, and J in FERC docket number ER13-1380. Certain parties are appealing the FERC approval. No forward market cleared product currently exists for the new capacity zone, and the Company does not expect such a product to exist before the BGS auction.[5]

[5] Such cleared products are necessary benchmarks that enable bidders to develop their bids for financial hedging contracts.

As a result of the capacity market changes at the NYISO noted above, Rockland will purchase the capacity needs of its BGS customers in its Central and Western Divisions in the NYISO capacity market and blend its forecast of those prices into the BGS-RSCP price. This is the same proposal approved by the Board in its April 15, 2015 Order in BPU Docket number ER14043370, and is necessary because, as in 2014 and as noted above, there currently is no forward market cleared product for the new capacity zone nor is such a product expected before the BGS auction. The impact of these capacity purchases are expected to be minimal because, as noted above, the Company's Central and Western Divisions constitute less than ten percent of the Company's BGS load, and because of the three-year, rolling nature of the BGS rate.

H. PJM Capacity Charges

To the extent the results of the Transitional Incremental Auctions for 2016/2017; 2017/2018 and the Base Residual Auction for 2018/2019, including the Capacity Performance Product, are not known prior to the BGS Auction, payments to suppliers will be adjusted for the price difference between the known PJM RPM Net Zonal Load and the actual price charged for the relevant capacity year.

To the extent the results of the Transitional Incremental Auction for 2016/2017 are not known prior to the BGS Auction, payments to suppliers will be adjusted for the price difference between the known PJM RPM Net Zonal Load and the actual price charged for that capacity year.

I. BGS Rate Design Methodology

<u>RECO BGS Pricing Spreadsheet</u>

As described in the EDC Compliance Filing, the resulting charge for each BGS rate element (e.g., Service Classification No. 1 summer charge, winter charge) for

BGS supply service will be based on a factor applied to the tranche weighted average of the winning BGS-RSCP bid prices adjusted for the seasonal payment factors. These factors have been developed based on the ratios of the estimated underlying market costs of each rate element (for each service classification) to the overall all-in BGS cost. The tables included in Attachment B present all of the input data, intermediate calculations, and the final results in the calculation of these factors.

Table #1 (% Usage during PJM On-Peak Period) contains the percentage of on-peak load, by month, for each service classification. The on-peak period as used in this table (referred to as PJM periods) is defined as the 16-hour period from 7 AM to 11 PM, Monday through Friday. All remaining weekday hours and all hours on weekends and holidays recognized by the National Electric Reliability Council ("NERC") are considered the off-peak period. This is consistent with the time periods used in the forwards market for trading of bulk power. The values in this table for each month are the average on-peak percentages from the year 2014 based on load profile information.

Table #2 (% Usage During RECO On-Peak Billing Period) contains percentages of on-peak load, by month, for RECO BGS-RSCP service classifications that are billed on a time of use basis (Service Classification No. 3). These percentages are based on RECO's time periods used for customer billing.

Table #3 (Class Usage @ customer) contains monthly sales forecasted for the calendar year 2015 with a migration adjustment for retail access. The values in Table #3 will be updated in January 2016 to better reflect the amount by Service Classification that could be in effect starting on June 1, 2016.

Table #4 (Forward Prices – Energy Only @ bulk system) contains the forward prices for energy, by time period and month for the BGS analysis period. These values are a weighted average forecast of PJM and NYISO energy prices as calculated in Table #18. The PJM values are the published energy on-peak forwards for the PJM West trading hub for the period of June 2016 to May 2017, and an estimate based on off/on peak LMP ratios for the off-peak periods of each month. The NYISO values are based on a combination of forward and historical prices. An adjustment to the PJM forward prices used to calculate the prices contained in Table #4 must be made to correct for the effects of the basis differential in the PJM system between the PJM West trading hub and the RECO zone where the BGS supply will be utilized. Table #18 contains an estimate of this basis differential, by month and time period, which when multiplied by the prices at the PJM West trading hub will result in costs for power delivered into RECO's PJM zone.

Table #5 (Losses) contains the factors utilized for average system losses, including PJM losses and unaccounted for supply (net of marginal losses) that are input by service classification and voltage level. Loss factors are those in RECO’s current, Board approved, Third Party Supplier Agreement. PJM losses are the average percentage PJM EHV losses plus Inadvertent Energy for the period of June 2012 to May 2015, which equals 0.4869%. Marginal losses are excluded from the loss factors based on historic de-rating factors for the period May 2012 to April 2015.

Table #6 (Summary of Average BGS Energy Only Unit Costs @ customer – PJM Time Periods) is the calculation of the energy only costs by service classification, time period and season. These values are the seasonal and time period average costs per MWh as measured at the customer billing meter (from Table #3), based on the forward prices (from Table #4) adjusted for losses (from Table #5), and monthly time period weights (from Table #1). These average costs do not include the costs associated with Ancillary Services, Generation Capacity or Transmission costs, which will be considered in subsequent calculations.

Table #7 (Summary of Average BGS Energy Only Costs @ customer – PJM Time Periods) indicates the total value, in thousands of dollars, of the average BGS energy-only costs. These are the results of the multiplication of the unit costs from Table #6, the monthly time period weights from Table #1 and the total sales to customers from Table #3.

Since the end result of these calculations is to be utilized in the development of retail BGS rates, the rates utilizing time of use pricing must be developed based upon the time periods as defined for billing.

Table #8 (Summary of Average BGS Energy Only Units Costs @ customer – RECO Time Periods) shows the result of this adjustment for Service Classification No. 3 rates billed on a time of use basis. These values are calculated by starting with the values in Table #6. Because RECO bills fewer peak hours than the peak hours defined by PJM, the prices in Table #6 would result in a revenue shortfall when applied to RECO's Service Classification No. 3 peak and off-peak kWh consumption. To correct for this difference, the shortfall is divided by the total kWh for Service Classification No. 3 and the resulting per unit shortfall is added to both the on-peak and off-peak charges in Table #6 to arrive at the prices in Table #8. The next steps set up the values necessary for the inclusion of the costs of the Generation Capacity and Transmission.

The top portion of Table #9 (Generation & Transmission Obligations and Costs and Other Adjustments) shows the total obligations including a migration adjustment, by service classification, that are currently being utilized in the year 2015. The values in the top portion of Table #9 will be updated in January 2016 to better reflect the aggregate amount by rate schedule that could be in effect on June 1, 2016. The middle portion of this table shows the number of summer and winter days and months that are used in this analysis. The bottom portion of this table shows the annual price for transmission service and seasonally differentiated costs of generation capacity. The cost of transmission service is equal to the current rate for RECO's network transmission service in the PJM Open Access Transmission Tariff. The generation capacity costs are based on an estimate of the relevant current wholesale market prices in the PJM (i.e., three-year average for the period 2016 to 2019 for RECO), plus the incremental RPM Capacity cost, if necessary, and NYISO zones as calculated in Table #19. Also shown is the level of blocking in current BGS charges for Service Classification Nos. 1 and 5, which will be utilized in the later calculations of the blocking of BGS charges for these service classifications.

An estimate of the cost of ancillary services is included in Table #10 (Ancillary Services). The Ancillary Services estimate is a weighted average of estimated Ancillary Services costs in RECO's PJM zone (i.e., $3 per MWH) and RECO's estimate of Ancillary Services costs in RECO's NYISO zone as calculated in Table #20.

Table #11 (Summary of Obligation Costs Expressed as $/MWh @ customer for non-demand rates only) shows the result of the allocation of both the transmission and generation costs on a per MWh basis to those service classifications under which BGS service will be billed only on a per kWh basis.

Table #12 (Summary of BGS Unit Costs @ customer) is the result of the inclusion of the transmission, generation capacity, and Ancillary Services costs to the costs shown in Table #8. The bottom portion of this table shows the total estimated costs for BGS, based on the assumptions utilized in the above tables, and the average per unit cost, as measured at the customer meters and the bulk system meters.

Table #13 (Ratio of BGS Unit Costs @ customer to All-In Average Cost @ transmission nodes) indicates the ratio of the individual rate element costs from Table #12 to the overall all-in cost as measured at the bulk system plus constant, where applicable.

Table #14 (Summary of BGS Unit Costs Less Transmission @customer) provides the BGS unit costs as developed in Table 12, with the exception of transmission. The bottom portion of the table shows the total estimated costs for BGS less transmission costs and the average unit cost as measured at the customer meters and the bulk system.

Table #15 (Ratio of BGS Unit Costs Less Transmission @ customer to All-In Average Cost @ transmission nodes) indicates the ratio of the individual rate element costs from Table #14 to the overall all-in cost as measured at the bulk system. These ratios are used to establish the BGS prices to retail customers.

Table #16 (Summary of Total BGS Costs by Season) shows the summary of the total and percentage of costs by rate and by season. A calculation in the lower portion of this table shows the resulting average costs per MWh for the winter and summer costs and MWhs, while the ratio of these seasonal unit costs to the all-in cost (from Table #12) is shown in the lower right hand portion of this table.

Table #17 (Summary of Total BGS Costs by Season Less Transmission) shows the summary of the total and percentage of costs by rate and by season. This is similar to the values indicated in Table #16, however this table excludes the cost for transmission. A calculation in the lower portion of this table shows the resulting average costs per MWh for the winter and summer costs and MWhs, while the ratio of these seasonal unit costs to the all-in cost (from Table #14) is shown in the lower right hand portion of this table.

Tables #18 (Forward Energy Prices), #19 (Generation Capacity Prices) and #20 (Ancillary Services) show the calculation of weighted average prices for energy, generation capacity and Ancillary Services as more fully described under "Table #4", "Table #9" and "Table #10".

The second spreadsheet used in the calculation of the final BGS-RSCP rates is included as Attachment C. The tables in this spreadsheet calculate the weighted average winning bid price and convert it into the final BGS-RSCP rates that are charged to customers. An explanation of each of the six tables, labeled as Table A through F, is as follows:

Table A (Weighted Average Price Calculation) contains the results of the BGS (i.e., current and prior two) auctions adjusted to include the incremental RPM Capacity cost, if necessary, and the impacts of RECO's RFP for the Central and Western Divisions.[6] From these values, the weighted average total price (shown on line #25) is calculated. All of the formulas used in this table are shown in the right hand column of this table, under the head of "Notes." To the extent the seasonal factors for

[6] The price shown for the tranche to be secured in the 2016 auction and RFP are for illustrative purposes only, and will be replaced with actual data in determining RECO's final June 2016 BGS-RSCP rates.

the 12-month BGS period beginning June 1, 2016 (as calculated in Table #16) produce a summer payment factor less than one and a winter payment factor greater than one, the Company reserves its right to set the seasonal factors to 1.0 for both the Summer and Winter periods in any updates to the Company's BGS Pricing Spreadsheet. Accordingly, the Company has set the seasonal factors to 1.0 for both the Summer and Winter periods.

Table B (Ratio of BGS Unit Costs Less Transmission @ Customer to All-In Average Cost @ transmission nodes) is a repeat of the values shown in Table #15 from Attachment B, the bid factors calculated based on current market conditions.

Table C (Determination of Preliminary Retail Rates to be Charged to BGS Customers) contains the preliminary customer BGS-RSCP rates as the product of the weighted average total price (from Table A), excluding the weighted average transmission rate included therein, and the Bid Factors from Table B.

Table D (Calculation of Rate Adjustment Factors) contains a comparison of the total anticipated rate revenue billed to customers based on the preliminary BGS-RSCP rates developed in Table C and the anticipated total season payments to BGS suppliers, based on the data in Table A. The calculation of the Rate Adjustment Factors is also performed in this table. These factors are equal to the seasonal dollar differences between the anticipated billed revenue and supplier payments, divided by the total anticipated seasonal billed BGS-RSCP energy related charges.

Table E (Final Retail BGS Rates) contains the final adjusted BGS-RSCP rates, which are equal to the preliminary BGS–RSCP rates shown in Table C times the seasonal Rate Adjustment Factors that were developed in Table D. The resulting rates are then adjusted to include the New Jersey Sales and Use Tax.

Table F (Spreadsheet Error Checking) contains a comparison of the total anticipated rate revenue billed to customers based on the final BGS-RSCP rates developed in Table E and the anticipated total season payments to BGS suppliers, based on the data in Table A.

J. Transmission Charges

The transmission charges applicable to RECO's BGS-RSCP and BGS-CIEP customers are based on the currently effective transmission rates applicable to the RECO zone, as stated in PJM's Open Access Transmission Tariff ("PJM Transmission Rates"). The PJM Transmission Rates will change from time to time as FERC approves changes in the PJM Open Access Transmission Tariff. Such changes in the PJM Transmission Rates, including but not limited to changes associated with the Seams Elimination Charge/Cost Adjustments/Assignments ("SECA"), Transmission Enhancement Charges ("TECs") and Reliability Must Run ("RMR") charges, will result in changes to RECO's transmission rates applicable to its BGS-RSCP and BGS-CIEP customers. RECO will review and verify the basis for any transmission cost adjustment, file supporting documentation from the PJM Transmission Rates as well as any rate translation spreadsheets used.

K. Conclusion

In connection with this filing, the Company requests that the Board issue an order making the following findings and determinations:

1. The Company’s proposed treatment of its Committed Supply is approved by the Board;
2. The Company’s proposed accounting for BGS is approved by the Board for purposes of accounting and BGS cost recovery;
3. There will exist a presumption of prudence with respect to the BGS Auction Plan method and the costs incurred for BGS service under the Auction Plan;
4. RECO’s Contingency Plan is approved by the Board, and the costs incurred as a result of this Contingency Plan are presumptively prudent, subject to deferral, and approved for full and timely recovery;
5. The RECO-specific statewide Auction results are approved by the Board and produce BGS supply costs that are reasonable and prudent, subject to deferral, and approved for full and timely recovery;
6. The Company’s proposal for its Central and Western Divisions is approved by the Board; and
7. The Company’s Rate Design Methodology and Tariff Sheets are approved by the Board.

GENERAL INFORMATION

No. 31 BASIC GENERATION SERVICE (“BGS”)

(1) Basic Generation Service – Residential Small Commercial Pricing (BGS-RSCP)
Applicable to Service Classification Nos. 1, 2, 3, 4, 5 and 6

Applicable to Service Classification Nos. 1, 2 (Non-Demand Billed), 3, 4, 5, and 6
Charges per kilowatthour:

Service Classification	Summer Months*	Other Months
1 – First 600 kWh	X.XXX¢	X.XXX¢
1 – Over 600 kWh	X.XXX¢	X.XXX¢
2 (Non-Demand Billed) – All kWh	X.XXX¢	X.XXX¢
3 – Peak	X.XXX¢	X.XXX¢
3 – Off-Peak	X.XXX¢	X.XXX¢
4 – All kWh	X.XXX¢	X.XXX¢
5 – First 250 kWh	X.XXX¢	X.XXX¢
5 – Next 450 kWh	X.XXX¢	X.XXX¢
5 – Over 700 kWh	X.XXX¢	X.XXX¢
6 – All kWh	X.XXX¢	X.XXX¢

Applicable to Service Classification No. 2 Demand Billed customers who do not take BGS-CIEP service in accordance with General Information Section No. 31(2):

	Summer Months*	Other Months
Demand Charges		
First 5 kW ($/kW)	X.XX	X.XX
Over 5 kW ($/kW)	X.XX	X.XX
Usage Charges		
All kWh (¢/kWh)	X.XXX¢	X.XXX¢

The above Basic Generation Service Charges reflect costs for Energy, Generation Capacity, and Ancillary Services (including ISO Administrative Charges).

*Definition of Summer Billing Months - June through September

(Continued)

GENERAL INFORMATION

No. 31 BASIC GENERATION SERVICE ("BGS") (Continued)

(2) Basic Generation Service – Commercial and Industrial Energy Pricing (BGS-CIEP)

This service is applicable to all Service Classification No. 7 customers, and Service Classification No. 2 customers who maintain a billing demand of 500 kW or greater during any two months of a calendar year, taking BGS from the Company. Service Classification No. 2 metered customers who do not meet the above criteria may elect to take BGS-CIEP service on a voluntary basis. See General Information Section No. 31(1).

BGS Energy Charges:
Charges per kilowatthour:
BGS Energy Charges are hourly and are provided at the real time PJM Load Weighted Average Residual Metered Load Aggregate Locational Marginal Prices for the Rockland Electric Transmission Zone, plus Ancillary Services (including PJM Administrative Charges) at the rate of $0.00642 per kilowatthour, adjusted for losses and applicable taxes.

BGS Capacity Charges:

Charges per kilowatt of Capacity Obligation as determined in accordance with General Information Section No. 31(C):

Charge applicable in Summer* months.. $ X.XXX
Charge applicable in other months.. $ X.XXX

The above charges shall recover each customer's share of the overall summer peak load assigned to the Rockland Electric Transmission Zone by PJM as adjusted by PJM assigned capacity related factors.

In accordance with Rider SUT, the above charges include provision for the New Jersey Sales and Use Tax. When billed to customers exempt from this tax, as set forth in Rider SUT, such charges will be reduced by the relevant amount of such tax included therein.

* June through September

(Continued)

Development of BGS Cost and Bid Factors for Rates Effective June 1, 2016

Based on 2014 Load Profile Information

Table #1 **% Usage During PJM On-Peak Period** *On-Peak periods defined as the 16 hr PJM Trading period, adj for NERC holidays*

	Profile Meter Data	*Profile Meter Data*	*Profile Meter Data*	*Profile Meter Data*	*--- Other Analysis ---*		*Profile Meter Data*
	SC1	**SC5**	**SC3**	**SC2 ND**	**SC4**	**SC6**	**SC2 Dem**
January	49.14%	49.56%	46.80%	47.63%	29.03%	29.03%	51.53%
February	51.08%	51.08%	48.72%	51.53%	30.61%	30.61%	53.69%
March	49.86%	48.93%	48.51%	51.83%	29.27%	29.27%	54.39%
April	51.56%	52.17%	51.57%	58.67%	29.48%	29.48%	56.76%
May	49.66%	49.81%	46.64%	56.04%	21.02%	21.02%	53.07%
June	57.73%	55.05%	56.00%	65.87%	21.60%	21.60%	58.37%
July	56.86%	55.99%	54.81%	63.17%	20.63%	20.63%	56.83%
August	53.52%	55.25%	51.98%	61.59%	20.40%	20.40%	54.20%
September	50.95%	50.01%	50.79%	61.46%	28.16%	28.16%	54.89%
October	51.42%	49.49%	51.50%	60.89%	29.19%	29.19%	55.91%
November	47.91%	43.71%	45.41%	49.84%	28.40%	28.40%	51.78%
December	51.68%	49.79%	49.51%	51.16%	30.41%	30.41%	53.76%

Table #2 **% Usage During RECO On-Peak Billing Period** *On-Peak periods as defined in specified rate schedule*

	N/A	*N/A*		*N/A*	*N/A*	*N/A*	*N/A*
(data rounded to nearest %)	**SC1**	**SC5**	**SC3**	**SC2 ND**	**SC4**	**SC6**	**SC2 Dem**
January	----	----	33.2%	----	----	----	----
February	----	----	34.7%	----	----	----	----
March	----	----	34.7%	----	----	----	----
April	----	----	34.8%	----	----	----	----
May	----	----	33.8%	----	----	----	----
June	----	----	33.3%	----	----	----	----
July	----	----	42.0%	----	----	----	----
August	----	----	40.7%	----	----	----	----
September	----	----	37.0%	----	----	----	----
October	----	----	35.1%	----	----	----	----
November	----	----	34.7%	----	----	----	----
December	----	----	33.6%	----	----	----	----

Table #3 **Class Usage @ customer**
Calendar month billed sales forecasted for 2016
in MWh

	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem	Total
January	58,874	1,920	32	3,901	506	497	31,219	96,948
February	48,518	1,571	25	3,943	421	457	28,373	83,306
March	43,066	1,438	23	3,430	422	405	26,768	75,551
April	40,914	1,152	21	2,354	344	392	27,177	72,353
May	41,076	888	16	1,728	312	385	28,036	72,440
June	58,766	1,051	19	1,907	289	395	33,303	95,728
July	81,031	1,290	26	2,403	364	329	35,983	121,425
August	77,058	1,428	23	2,665	347	364	35,266	117,149
September	65,454	1,221	20	2,297	380	437	33,169	102,976
October	49,202	956	13	2,124	454	504	28,947	82,198
November	41,966	1,019	19	2,136	472	518	26,381	72,510
December	50,803	1,455	25	2,822	532	492	29,429	85,557
Total	656,725	15,385	261	31,710	4,840	5,171	364,050	1,078,140

Table #4 **Forwards Prices - Energy Only @ bulk system**
in $/MWh (See Table 18)

	On-Peak	Off-Peak
January	81.48	57.26
February	71.53	50.37
March	54.53	38.27
April	44.58	30.87
May	46.56	32.37
June	44.00	27.26
July	58.46	35.63
August	51.24	31.69
September	42.39	26.14
October	43.82	30.44
November	45.50	31.71
December	51.89	36.36

Table #5

Losses	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Expansion Factor =	1.08515	1.08515	1.08515	1.08515	1.08138	1.08138	1.08515
Expansion Factor (net Marginal Losses)	1.07480	1.07480	1.07480	1.07480	1.07105	1.07105	1.07480

Table #6 **Summary of Average BGS Energy Only Unit Costs @ customer - PJM Time Periods**
based on Forwards prices corrected for basis differential & losses
in $/MWh

		SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Summer - all hrs		$ 44.63	$ 44.21	$ 44.37	$ 45.97	$ 37.35	$ 36.78	$ 44.41
	PJM on pk	$ 54.14	$ 53.84	$ 54.12	$ 53.62	$ 52.47	$ 51.65	$ 53.44
	PJM off pk	$ 33.11	$ 32.85	$ 33.19	$ 33.03	$ 32.87	$ 32.35	$ 32.90
Winter - all hrs		$ 51.90	$ 53.47	$ 53.03	$ 54.21	$ 47.44	$ 47.00	$ 51.77
	PJM on pk	$ 60.94	$ 63.13	$ 62.54	$ 62.47	$ 60.67	$ 60.19	$ 59.90
	PJM off pk	$ 42.75	$ 44.02	$ 44.09	$ 45.01	$ 42.11	$ 41.72	$ 42.28
Annual		$ 48.77	$ 50.47	$ 50.10	$ 51.80	$ 44.57	$ 43.99	$ 48.98
System Total		$ 48.92						

Table #7 **Summary of Average BGS Energy Only Costs @ customer - PJM Time Periods**
based on Forwards prices corrected for basis differential & losses
in $1000

		SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Summer - all hrs		$ 12,598	$ 221	$ 4	$ 426	$ 51	$ 56	$ 6,116
	PJM on pk	$ 8,369	$ 145	$ 3	$ 312	$ 17	$ 18	$ 4,126
	PJM off pk	$ 4,229	$ 75	$ 1	$ 114	$ 35	$ 38	$ 1,991
Winter - all hrs		$ 19,433	$ 556	$ 9	$ 1,216	$ 164	$ 171	$ 11,717
	PJM on pk	$ 11,478	$ 325	$ 5	$ 738	$ 60	$ 63	$ 7,299
	PJM off pk	$ 7,955	$ 231	$ 4	$ 478	$ 104	$ 109	$ 4,418
Annual		$ 32,031	$ 776	$ 13	$ 1,643	$ 216	$ 227	$ 17,833
System Total		$ 52,739						

Table #8 **Summary of Average BGS Energy Only Unit Costs @ customer - RECO Time Periods**
based on Forwards prices corrected for basis differential & losses - RECO billing time periods in $/MWh

		SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Summer - all hrs		$ 44.63	$ 44.21	$ 44.37	$ 45.97	$ 37.35	$ 36.78	$ 44.41
	RECO On pk			$ 57.22				
	RECO Off pk			$ 36.29				
Winter - all hrs		$ 51.90	$ 53.47	$ 53.03	$ 54.21	$ 47.44	$ 47.00	$ 51.77
	RECO On pk			$ 65.16				
	RECO Off pk			$ 46.71				
Annual Average		$ 48.77	$ 50.47	$ 50.10	$ 51.80	$ 44.57	$ 43.99	$ 48.98
System Average		$ 48.92						

Table #9 **Generation & Transmission Obligations and Costs and Other Adjustments**
Obligations - annual average forecasted for 2015; costs are market estimates

in MW	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem	Total FP
Gen Obl - MW	328.421	5.077	0.082	7.510	0.0	0.0	108.294	449.384
Trans Obl - MW	239.748	3.735	0.059	5.605	0.0	0.0	84.889	334.036

# of Months and Days used in this analysis

# of summer days =	122	# of summer months =	4
# of winter days =	244	# of winter months =	8
		total # months =	12

Transmission Cost		$ 32,114	per MW-yr	87.98			
Generation Capacity cost	summer	$134.61	$/MW/day	Resulting avg gen cap cost =	summer >>	$ 49.13	per kW/yr
(see Table 19)	winter	$123.84	$/MW/day		winter >>	$ 45.20	per kW/yr

Current residential summer BGS charges
Current Tariff and % of total summer usage

	---------- SC1 ----------			---------- SC5 ----------		
	Charges	% usage		Chgs (¢/kWh)	Differences	% usage
Block 1 (0-600 kWh/month)	9.015 ¢/kWh	42.93%	Block 1 (0-250 kWh/month)	7.933		30.91%
Block 2 (>600 kWh/m)	10.782 ¢/kWh	57.07%	Block 2 (251-700 kWh/month)	9.717	1.784	35.63%
Calculated inversion =	1.767 ¢/kWh		Block 3 (>700 kWh/month)	10.919	2.986	33.46%

Table #10 **Ancillary Services**
forecasted overall annual average $2.83 /MWh

Table #11 **Summary of Obligation Costs Expressed as $/MWh @ customer (for non-demand rates only)**

	SC1	SC5	SC3	SC2 ND	SC4	SC6
Transmission Obl - all months	$ 11.72	$ 7.80	$ 7.27	$ 5.68	$ -	$ -
Generation Obl -						
per annual MWh	$ 23.32	$ 15.39	$ 14.68	$ 11.05	$ -	$ -
per summer MWh	$ 19.10	$ 16.71	$ 15.30	$ 13.30	$ -	$ -
per winter MWh	$ 26.50	$ 14.76	$ 14.36	$ 10.11	$ -	$ -

Table #12 **Summary of BGS Unit Costs @ customer**

NON-DEMAND RATES *(includes energy, G&T obligations, and Ancillary Services - adjusted to billing time periods in $/MWh)*

		SC1	SC5	SC3	SC2 ND	SC4	SC6
Summer - all hrs		$ 78.29	$ 71.55	$ 69.78	$ 67.78	$ 40.18	$ 39.61
	RECO On pk			$ 106.96			
	RECO Off pk			$ 46.39			
	Block 1	$ 68.20	$ 55.21				
	Block 2	$ 85.87	$ 73.05				
	Block 3		$ 85.07				
Winter - all hrs		$ 92.96	$ 78.86	$ 77.50	$ 72.83	$ 50.27	$ 49.83
	RECO On pk			$ 117.21			
	RECO Off pk			$ 56.81			
Annual -all hrs		$ 86.65	$ 76.49	$ 74.89	$ 71.35	$ 47.40	$ 46.82

DEMAND RATES *(includes energy and Ancillary Services, G&T obligations charged separately - adjusted to billing time periods in $/MWh)*

	SC2 Dem
Summer - all hrs	$ 47.24
Winter - all hrs	$ 54.60
Annual - all hrs per MWh only	$ 51.81

PLUS:

Gen Cost (per kW of Billed Demand/Month)

	≤ 5 kW	> 5 kW
summer	$ 1.236	$ 4.299
winter	$ 1.343	$ 4.794

Trans cost
all months $ 2.68 per kW of T obl /month

Table #12 ***(Continued)***

Including T&G Obligation $			Gen Cost (per kW of Billed Demand/Month)				
Summer - all hrs	$	69.48					
					≤ 5 kW		**> 5 kW**
			summer	$	1.236	$	4.299
Winter - all hrs	$	79.86	winter	$	1.343	$	4.794

Annual - including T&G Obl $ 73.18

ALL RATES

Grand Total Cost in $1000 =	$	87,477	
All-In Average cost @ customer =	$	81.14	per MWh at customer (per customer metered MWh)
All-In Average costs @ transmission nodes =	$	75.49	per MWH at transmission nodes (per metered MWh at transmission node)

Table #13 **Ratio of BGS Unit Costs @ customer to All-In Average Cost @ transmission nodes**

NON-DEMAND RATES

Includes energy, G&T obligations, and Ancillary Services - adjusted to billing time periods

		SC1		SC5	SC3	SC2 ND	SC4	SC6
Summer - all hrs		**1.037**		**0.948**		**0.898**	**0.532**	**0.525**
RECO On pk					**1.417**			
RECO Off pk					**0.615**			
Constant Blk 1	**$**	**(10.08)**	**$**	**(16.35)**				
Constant Blk 2	**$**	**7.59**	**$**	**1.49**				
Constant Blk 3		NA	**$**	**13.51**				
Winter - all hrs		**1.231**		**1.045**		**0.965**	**0.666**	**0.660**
RECO On pk					**1.553**			
RECO Off pk					**0.753**			
Annual - all hrs		1.148		1.013	0.992	0.945	0.628	0.620

Table #13 ***(Continued)***

DEMAND RATES
Includes energy and Ancillary Services, G&T obligations charged separately - adjusted to billing time periods

	SC2 Dem Multiplier		SC2 Dem Constant
Summer - all hrs	**0.920**	**$**	**(22.236)**
Winter - all hrs	**1.058**	**$**	**(25.258)**
Annual - including T&G Obl $	0.969		

PLUS:

Gen Cost (per kW of Billed Demand/Month)

		≤ 5 kW		> 5 kW
summer	$	1.24	$	4.30
winter	$	1.34	$	4.79

Trans cost
all months $ 2.676 per kW of T obl /month

Table #14 **Summary of BGS Unit Costs Less Transmission @ customer**

NON-DEMAND RATES
Includes energy, generation capacity obligation, and Ancillary Services - adjusted to billing time periods. Transmission billed at retail tariff level.
in $/MWh

			SC1		SC5		SC3		SC2 ND		SC4		SC6
Summer - all hrs		$	66.56	$	63.76	$	62.50	$	62.10	$	40.18	$	39.61
	RECO On pk					$	99.69						
	RECO Off pk					$	39.12						
	Block 1	$	56.48	$	47.41								
	Block 2	$	74.15	$	65.25								
	Block 3			$	77.27								
Winter - all hrs		$	81.24	$	71.06	$	70.22	$	67.15	$	50.27	$	49.83
	RECO On pk					$	109.93						
	RECO Off pk					$	49.54						
Annual -all hrs		$	74.93	$	68.69	$	67.62	$	65.67	$	47.40	$	46.82

Table #14 (Continued)

DEMAND RATES
Includes energy and Ancillary Services, generation obligation charged separately - adjusted to billing time periods.
Transmission billed at retail tariff level. In $/MWh.

		SC2 Dem
Summer - all hrs	$	47.24
Winter - all hrs	$	54.60
Annual - all hrs per MWh only	$	51.81
Including Generation Obligation $		
Summer - all hrs	$	62.88
Winter - all hrs	$	71.83
Annual - including T&G Obl $	$	68.44

PLUS:

Gen Cost (per kW of Billed Demand/Month)

		< 5 kW		> 5 kW
summer	$	1.236	$	4.299
winter	$	1.343	$	4.794

ALL RATES

Grand Total Cost in $1000 = $ 77,752

All-In Average cost @ customer = $ 72.12 per MWh at customer (per customer metered MWh)

All-In Average costs @ tansmission nodes = $ 67.10 per MWh at tranmission node system (per metered MWh at transmission node)

Table #15 **Ratio of BGS Unit Costs Less Transmission @ customer to All-In Average Cost @ transmission nodes**

NON-DEMAND RATES

Includes energy, G&T obligations, and Ancillary Services - adjusted to billing time periods

		SC1	SC5	SC3	SC2 ND	SC4	SC6
Summer - all hrs		**0.992**	**0.950**		**0.926**	**0.599**	**0.590**
	RECO On pk			**1.486**			
	RECO Off pk			**0.583**			
	Constant Blk 1	**$ (10.08)**	**$ (16.35)**				
	Constant Blk 2	**$ 7.59**	**$ 1.49**				
	Constant Blk 3	NA	**$ 13.51**				
Winter - all hrs		**1.211**	**1.059**		**1.001**	**0.749**	**0.743**
	RECO On pk			**1.638**			
	RECO Off pk			**0.738**			
Annual - all hrs		1.117	1.024	1.008	0.979	0.706	0.698

DEMAND RATES

includes energy and Ancillary Services, G&T obligations charged separately - adjusted to billing time periods

	SC2 Dem Multiplier	SC2 Dem Constant
Summer - all hrs	**0.937**	**(15.638)**
Winter - all hrs	**1.070**	**(17.228)**
Annual - including T&G Obl $	**1.020**	

PLUS:

Gen Cost (per kW of Billed Demand/Month)

	< 5 kW	> 5 kW
summer	$ 1.236	$ 4.299
winter	$ 1.343	$ 4.794

Table #16 **Summary of Total BGS Costs by Season**

	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Total Costs by Rate - in $1000							
Summer	$ 22,101	$ 357	$ 6	$ 628	$ 55	$ 60	$ 9,193
Winter	$ 34,806	$ 820	$ 13	$ 1,634	$ 174	$ 182	$ 17,447
Total	$ 56,906	$ 1,177	$ 20	$ 2,263	$ 229	$ 242	$ 26,640
% of Annual Total $ by Rate							
Summer	39%	30%	31%	28%	24%	25%	35%
Winter	61%	70%	69%	72%	76%	75%	65%

Total Costs - in $1000	
Summer	$ 32,401
Winter	$ 55,076
Total	$ 87,477

% of Annual Total $		If total $ were split on a per MWh basis (on transmission node MWhs):	Ratio to All-In Cost	
Summer	37%	$ 68.94 per MWh @ transmission nodes	Summer	**0.9132**
Winter	63%	$ 79.96 per MWh @ transmission nodes	Winter	**1.0592**

Table #17 **Summary of Total BGS Costs by Season - Less Transmission**

	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Total Costs by Rate - in $1000							
Summer	$ 18,791	$ 318	$ 6	$ 576	$ 55	$ 60	$ 8,285
Winter	$ 30,416	$ 739	$ 12	$ 1,507	$ 174	$ 182	$ 15,629
Total	$ 49,207	$ 1,057	$ 18	$ 2,083	$ 229	$ 242	$ 23,914
% of Annual Total $ by Rate							
Summer	38%	30%	31%	28%	24%	25%	35%
Winter	62%	70%	69%	72%	76%	75%	65%

Total Costs - in $1000	
Summer	$ 28,091
Winter	$ 48,659
Total	$ 76,750

% of Annual Total $		If total $ were split on a per MWh basis (on transmission node MWhs):	Ratio to All-In Cost	
Summer	37%	$ 59.77 per MWh @ transmission nodes	Summer	**0.8908**
Winter	63%	$ 70.65 per MWh @ transmission nodes	Winter	**1.0529**

Table #18 **Forward Energy Prices**

PJM Forward Prices - Energy Only @ bulk system *in $/MWh*	On-Peak	Off/On Peak LMP ratio	Off-Peak	**Zone to Western Hub Basis Differential** *in $/MWh* On-Peak	Off-Peak	**PJM Forward Prices (incl basis differential)** *in $/MWh* On-Peak	Off-Peak
January	68.87	0.71	49.01	116%	113%	79.71	55.24
February	59.16	0.71	42.10	116%	113%	68.47	47.45
March	46.50	0.71	33.09	116%	113%	53.82	37.29
April	39.00	0.71	27.75	116%	113%	45.14	31.28
May	41.16	0.71	29.29	116%	113%	47.64	33.01
June	41.80	0.61	25.64	105%	105%	43.93	27.00
July	55.69	0.61	34.16	105%	105%	58.52	35.97
August	49.19	0.61	30.18	105%	105%	51.69	31.78
September	40.66	0.61	24.94	105%	105%	42.73	26.26
October	38.68	0.71	27.52	116%	113%	44.77	31.02
November	39.45	0.71	28.07	116%	113%	45.66	31.64
December	44.18	0.71	31.44	116%	113%	51.13	35.43

NYISO Forward Prices - Energy Only @ bulk system
in $/MWh

	On-Peak	Off-Peak
January	95.00	72.75
February	95.00	72.75
March	60.00	45.75
April	40.25	27.75
May	38.25	27.50
June	44.50	29.25
July	58.00	33.00
August	47.75	31.00
September	39.75	25.25
October	36.50	26.00
November	44.25	32.25
December	57.75	43.50

Weighted Average Forward Prices - Energy Only @ bulk system (88.5% PJM - 11.5% NYISO)
in $/MWh

	On-Peak	Off-Peak	
January	81.48	57.26	88.5%
February	71.53	50.37	11.5%
March	54.53	38.27	
April	44.58	30.87	
May	46.56	32.37	
June	44.00	27.26	
July	58.46	35.63	
August	51.24	31.69	
September	42.39	26.14	
October	43.82	30.44	
November	45.50	31.71	
December	51.89	36.36	

Table #19 **Generation Capacity Prices ($/MW/Day)**

	PJM Base Capacity	Incremental RPM Capacity	PJM 88.5%	NYISO 11.5%	Weighted Average
Summer	$119.53	$0.00	$119.53	$250.21	$134.61
Winter	$119.53	$0.00	$119.53	156.92	$123.84

Table #20 **Ancillary Services**

PJM 88.5%	NYISO 11.5%	Weighted Average
$3.00	$1.55	$2.83

Assumptions:

Gen Cost =	$134.61	per MW-day in summer
	$123.84	per MW-day in winter
Trans cost =	$ 32,114	per MW-yr
Analysis time period =	4	summer months
	8	winter months
Ancillary Services =	$ 2.83	/MWh

Energy Costs = Based on 6/15 to 5/16 Forwards @ PJM West as of 06/01/15
Based on 6/15 to 5/16 Forwards @ NYISO Zone G and Lower Hudson Valley (LHV)as of 05/14/15
Usage patterns = Forecasted 2015 energy use by class, PJM on/off % from 2014 class load profiles,
RECO billing on/off % from 6/14 to 5/15 actual data
Obligations = Class totals for 2015
Losses = Per RECO's Third Party Supplier Agreement adjusted for PJM 500kV losses and inadvertent energy.
PJM Time Periods = PJM trading time periods - 7 AM to 11 PM weekdays, local time, x NERC
holidays - New Year's, Memorial, 4th of July, Labor Day, Thanksgiving & Christmas
RECO Billing time periods = as per specific rate schedule

Table A Weighted Average Price Calculation

Line #	Specific BGS-RSCP Auction >>		2014 Auction 36 Month	2015 Auction 36 Month	2016 Auction 36 Month	Total	Notes:
1	Tranches		2	1	1	4	From then-current auction
2(a)	Winning Bid Price (¢/kWh)*		9.561	9.066	9.066		
2(b)	Incremental RPM Cost - in (¢/kWh)		0	0	0		
2(c)	Winning Bid Price (¢/kWh)*		9.561	9.066	9.066		Winning Bids (Note: 2014 Auction Price Shown for Illustrative Purposes Only)
3	Transmission (¢/kWh)		0.839	0.839	0.839		Average transmission cost included in bid
4	BGS (¢/kWh)		8.722	8.227	8.227		=(2c) - (3)
5	Weighted Avg BGS		4.361	2.057	2.057	8.474	= (1) / Total Tranches * (4)
6	Weighted Avg Trans		0.420	0.210	0.210	0.839	= (1) / Total Tranches * (3)
7	Weighted Avg Total Price (¢/kWh)					**9.314**	
	Seasonal Payment Factors						
8		Summer	1.0000	1.0000	1.0000 **		From then-current Bid Factor Spreadsheet
9		Winter	1.0000	1.0000	1.0000 **		From then-current Bid Factor Spreadsheet
	Applicable Customer Usage @ tansmission nodes				(Eastern Division)		
10		Summer MWh	415,724				From then-current Bid Factor Spreadsheet
11		Winter MWh	609,261				From then-current Bid Factor Spreadsheet
12			1,024,985				
	Total Cost						
13		Summer	19,873,678	9,422,381	9,422,381	38,718,440	= (1) / Total Tranches * (2c) / 100 * (8) * (10) * 1,000
14		Winter	29,125,742	13,808,910	13,808,910	56,743,562	= (1) / Total Tranches * (2c) / 100* (9) * (11) * 1,000
15		Total	48,999,420	23,231,291	23,231,291	95,462,002	= (13) + (14)
	Average Cost (NJ Statewide Auction)						
16		Summer	9.314 ¢/kWh				= sum(line 13) / (10) / 1000 * 100 rounded to 3 decimal places
17		Winter	9.313 ¢/kWh				= sum(line 14) / (11) / 1000 * 100 rounded to 3 decimal places
18		Total	**9.313** ¢/kWh				= sum(line 15) / (12) / 1000 * 100 rounded to 3 decimal places

Average Cost (Including RECO RFP)

Line #		BGS Auction	RECO RFP	Total	Notes
19	Tranches	4	0.522	4.522	Includes RECO RFP equivalent tranches
20	Price ¢/kWh	9.313	8.944		BGS Auction from (18). Note: 8.944¢ for RFP is illustrative. (excludes transmission).
21	Transmission	0.839	0.000		
22	BGS	8.474	8.944		= (20) - (21)
23	Weighted Avg BGS	7.496	1.032	8.528	= (19) / Total Tranches * (22)
24	Weighted Avg Trans	0.742	0.000	0.742	= (19) / Total Tranches * (21)
25	**Weighted Avg Total Price**			**9.270**	= (23) + (24)

* Includes Impact of PJM Marginal Losses

** Auction results set to 1.0 to avoid using an atypical result from the current 12-month forward prices.

Table B **Ratio of BGS Unit Costs Less Transmission @ customer to All-In Average Cost @ transmission nodes**
(from Table 15 of Bid Factor Spreadsheet)

NON-DEMAND RATES
includes energy, G&T obligations, and Ancillary Services - adjusted to billing time periods

		SC1	SC5	SC3	SC2 ND	SC4	SC6
Summer - all hrs		**0.992**	**0.950**		**0.926**	**0.599**	**0.590**
	RECO On pk			**1.486**			
	RECO Off pk			**0.583**			
	Constant Blk 1	**$ (10.08)**	**$ (16.35)**				
	Constant Blk 2	**$ 7.59**	**$ 1.49**				
	Constant Blk 3	NA	**$ 13.51**				
Winter - all hrs		**1.211**	**1.059**		**1.001**	**0.749**	**0.743**
	RECO On pk			**1.638**			
	RECO Off pk			**0.738**			
Annual - all hrs		1.117	1.024	1.008	0.979	0.706	0.698

DEMAND RATES
includes energy and Ancillary Services, G&T obligations charged separately - adjusted to billing time periods

	SC2 Dem Multiplier	SC2 Dem Constant
Summer - all hrs	**0.937**	**(15.638)**
Winter - all hrs	**1.070**	**(17.228)**
Annual - including T&G Obl $	**1.020**	

PLUS:

Gen Cost (per kW of Billed Demand/Month)

	0	< 5 kW	> 5 kW
summer	$ -	$ 1.236	$ 4.299
winter	$ -	$ 1.343	$ 4.794

Table C **Determination of Preliminary Retail Rates to be Charged to BGS Customers**

All-In Average costs @ Trans node =	$	92.70	/MWh*
Less Transmission	$	(7.42)	/MWh**
BGS Cost	$	85.28	/MWh

* Price from Table A (which does not include transmission for the Central/Western Division).
** RECO average transmission rate of 8.39 minus Central/West transmission contribution to weighted average rate 0.522/4.522 *$8.39 per MWh). $0.97

Retail BGS Rates (excl SUT) (¢/kWh)

	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Summer							
All kWh (¢/kWh)	8.459	8.101		7.897	5.108	5.031	6.427
Peak kWh (¢/kWh)			12.672				
Off-Peak kWh (¢/kWh)			4.972				
Block1	7.451	6.467					
Block2	9.218	8.251					
Block3	NA	9.453					
Demand Charge ($/kW) 1st 5kW							1.236
Demand Charge ($/kW)> 5 kW							4.299
Winter							
All kWh (¢/kWh)	10.327	9.031		8.536	6.387	6.336	7.402
Peak kWh (¢/kWh)			13.968				
Off-Peak kWh (¢/kWh)			6.293				
Demand Charge ($/kW) 1st 5kW							1.343
Demand Charge ($/kW) > 5 kW							4.794

Table D Calculation of Rate Adjustment Factors

Total BGS Revenue (Excl SUT) - in $1000	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Summer	$ 23,880	$ 404	$ 7	$ 732	$ 70	$ 77	$ 11,005
Winter	$ 38,666	$ 939	$ 15	$ 1,915	$ 221	$ 231	$ 20,652
Total	$ 62,546	$ 1,343	$ 22	$ 2,647	$ 291	$ 308	$ 31,657

Total	
Summer	$ 36,175
Winter	$ 62,639
Total	$ 98,814

Total Supplier Payments - in $1000

Eastern Division	Total	Transmission	Net BGS
Summer	$ 38,718	$ 3,163	$ 35,555
Winter	$ 56,744	$ 6,326	$ 50,418
Total	$ 95,462	$ 9,489	$ 85,973

Central/Western Division	Total	Transmission	Net BGS
Summer	$ 4,899	$ -	$ 4,899
Winter	$ 7,111	$ -	$ 7,111
Total	$ 12,010	$ -	$ 12,010

Total RECO FP	Total	Transmission	Net BGS
Summer	$ 43,617	$ 3,163	$ 40,454
Winter	$ 63,855	$ 6,326	$ 57,529
Total	$ 107,472	$ 9,489	$ 97,983

Differences	BGS Revenue	BGS Costs	Difference	Rate Adjustment Factors
Summer	$ 36,175	$ 40,454	$ 4,279	**1.1183**
Winter	$ 62,639	$ 57,529	$ (5,110)	**0.91841**
Total	$ 98,814	$ 97,983	$ (831)	

Table E **Final Retail BGS Rates (¢/kWh)**

Rates Excluding SUT:

	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Summer							
All kWh (¢/kWh)	9.460	9.059		8.831	5.712	5.626	7.187
Peak kWh (¢/kWh)			14.171				
Off-Peak kWh (¢/kWh)			5.560				
Block1	8.332	7.232					
Block2	10.308	9.227					
Block3	NA	10.571					
Demand Charge ($/kW) 1st 5kW							1.382
Demand Charge ($/kW) > 5 kW							4.808
Winter							
All kWh (¢/kWh)	9.484	8.294		7.840	5.866	5.819	6.798
Peak kWh (¢/kWh)			12.828				
Off-Peak kWh (¢/kWh)			5.780				
Demand Charge ($/kW) 1st 5kW							1.233
Demand Charge ($/kW) > 5 kW							4.403

Rates Including SUT: SUT @ 7.0%

	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Summer							
All kWh (¢/kWh)				9.449	6.112	6.020	7.690
Peak kWh (¢/kWh)			15.163				
Off-Peak kWh (¢/kWh)			5.949				
Block1	8.915	7.738					
Block2	11.030	9.873					
Block3	NA	11.311					
Demand Charge ($/kW) 1st 5kW							1.4800
Demand Charge ($/kW)> 5 kW							5.1400
Winter							
All kWh (¢/kWh)	10.148	8.875		8.389	6.277	6.226	7.274
Peak kWh (¢/kWh)			13.726				
Off-Peak kWh (¢/kWh)			6.185				
Demand Charge ($/kW) 1st 5kW							1.3200
Demand Charge ($/kW) > 5 kW							4.7100

Table F Spreadsheet Error Checking

Total BGS Revenue (Excl SUT) - in $1000

	SC1	SC5	SC3	SC2 ND	SC4	SC6	SC2 Dem
Summer	$ 26,706	$ 452	$ 8	$ 819	$ 79	$ 86	$ 12,307
Winter	$ 35,510	$ 862	$ 14	$ 1,759	$ 203	$ 212	$ 18,967
Total	$ 62,216	$ 1,314	$ 22	$ 2,578	$ 282	$ 298	$ 31,274

Total	
Summer	$ 40,457
Winter	$ 57,527
Total	$ 97,984

Supplier Payments - in $1000

Eastern Division

	Total	Transmission	Net BGS
Summer	$ 38,718	$ 3,163	$ 35,555
Winter	$ 56,744	$ 6,326	$ 50,418
Total	$ 95,462	$ 9,489	$ 85,973

Central/Western Division

	Total	Transmission	Net BGS
Summer	$ 4,899	$ -	$ 4,899
Winter	$ 7,111	$ -	$ 7,111
Total	$ 12,010	$ -	$ 12,010

Total RECO FP

	Total	Transmission	Net BGS
Summer	$ 43,617	$ 3,163	$ 40,454
Winter	$ 63,855	$ 6,326	$ 57,529
Total	$ 107,472	$ 9,489	$ 97,983

Differences

	BGS Revenue	BGS Costs	Difference
Summer	$ 40,457	$ 40,454	$ (3)
Winter	$ 57,527	$ 57,529	$ 2
Total	$ 97,984	$ 97,983	$ (1)