



**new jersey board of public utilities**

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*2004 annual report*



New Jersey Board of Public Utilities

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## president's message.

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Dear Governor Richard J. Codey,

2004 has been an eventful year for the New Jersey Board of Public Utilities. We have experienced many successes and laid the groundwork for many more to come.

The year was marked with efforts to keep energy rates low. Last year's nationally recognized BGS auction resulted in reduced annual rates of up to 1.5 percent for most residential customers. The auction also increased retail electric market activity for large commercial and industrial customers, which provided more alternate electric supplier choices.

Since the tragedy of September 11<sup>th</sup>, New Jersey has set the national standard in implementing a comprehensive, proactive security strategy. We were the first State to require formal adoption of Best Practices by utilities. We have also been awarded over half a million dollars in federal funding for critical infrastructure protection.

2004 was also a year of tremendous strides for the advancement of our Clean Energy Program. In December, the Center for Energy, Economic and Environmental Policy at Rutgers' Edward J. Bloustein School reported that we are well on our way to achieving our long-term renewable goal of 20 percent by 2020. Our natural gas and electricity efficiency measures will save New Jerseyans almost \$1 billion over their lifetime. Our efforts have netted over half a million tons of avoided greenhouse gas emissions, and the Clean Energy Program's solar energy initiatives have earned New Jersey recognition as the "solar capital of the nation."

I expect next year will be as busy and productive. As we approach the challenges ahead, the Board of Public Utilities will continue to serve the ratepayers of New Jersey by ensuring affordable, reliable and quality utility service.

Sincerely,

Jeanne M. Fox  
*President*

## meet the commissioners.

**Jeanne M. Fox**  
*President*



Jeanne M. Fox is President of the New Jersey Board of Public Utilities and serves as a member of the Governor's Cabinet. Governor James McGreevey appointed her to the BPU on January 15, 2002. The BPU has jurisdiction over the rates and facilities of telephone, electric, gas, water and wastewater and cable television companies and works to ensure that consumers have access to safe, reliable and efficient services at reasonable costs.

President Fox is actively involved in the National Association of Regulatory Utility Commissioners (NARUC) as a member of the Ad Hoc Committee on Critical Infrastructure and the Committee on Energy Resources and the Environment. She was appointed Chair of the National Council on Electricity Policy in July 2003.

President Fox is a former Regional Administrator of the United States Environmental Protection Agency (EPA) and Deputy Commissioner of the New Jersey Department of Environmental Protection (DEP).

President Fox has been recognized as one of New Jersey's 25 Women of Influence. She has also been a Visiting Distinguished Lecturer at the Bloustein School at Rutgers, the State University of New Jersey, and the Woodrow Wilson School at Princeton University. She serves on numerous boards, including the Girl Scout Council of Delaware-Raritan Inc. and the Bipartisan Coalition for Women's Appointments.

President Fox received a Bachelor's Degree from Douglass College, Rutgers, and a Juris Doctor from the Rutgers University School of Law.

## meet the commissioners.

### **Frederick F. Butler** *Commissioner*



Frederick F. Butler was sworn in as a member of the New Jersey Board of Public Utilities on March 22, 1999.

His previous work experience includes: Executive Director of the New Jersey General Assembly Democratic office; Deputy Director of the New Jersey Department of Treasury's Commission on Capital Budgeting & Planning; and Research Faculty Member of the Eagleton Institute of Politics' Center for Legislative Research and Service at Rutgers.

Commissioner Butler currently serves on the Advisory Committee of Michigan State University's Institute of Public Utilities and on the Advisory Council of New Mexico State University's Center for Public Utilities. He is a former President of the Mid Atlantic Conference of Regulatory Utility Commissioners (MACRUC) and Chairman of the National Association of Regulatory Utility Commissioners' (NARUC) International Relations Committee. He also serves as a member of NARUC's Executive Committee, Committee on Water and Ad Hoc Committee on Climate Change.

Commissioner Butler was born in Jersey City on July 7, 1946. He received a Bachelor's degree in Modern Languages and Political Science from Villanova University in 1968 and earned a Master's degree in International Relations from Johns Hopkins University's School of Advanced International Studies in 1973.

## meet the commissioners.

### **Carol J. Murphy** *Commissioner*



Carol J. Murphy was appointed to the New Jersey Board of Public Utilities in February 2001 and served as Acting President until July 2001.

Commissioner Murphy is Chairman of the National Regulatory Research Institute's (NRR) Board of Directors, having served on the board since 2001. She is a member of the National Association of Regulatory Utility Commissioners (NARUC), where she has served on the Electricity Committee, the Subcommittee on Nuclear Issues—Waste Disposal and the Subcommittee on Clean Coal. Ms. Murphy is also Chairman of the By-laws Committee of the Middle Atlantic Conference of Regulatory Utility Commissioners (MACRUC).

Commissioner Murphy served in the New Jersey General Assembly from September 1993 to February 2001. She was a member of numerous Assembly committees—including the prestigious Appropriations Committee—and she chaired the Assembly Telecommunications and Utilities Committee from its inception in January 2000 until leaving the Assembly in February 2001. Mrs. Murphy served as Assistant Majority Leader from 1996 to 1998 and later became the first woman elected to the prominent position of Conference Leader of the Assembly Republican Majority, a position in which she served from 1998 through 1999.

Commissioner Murphy was elected to the Morris County Board of Chosen Freeholders in 1984 and served until her election to the State Legislature in 1993. She was the Freeholder Director in 1987.

## meet the commissioners.

### **Connie O. Hughes** *Commissioner*



Connie O. Hughes was appointed by Acting Governor Donald T. DiFrancesco to the New Jersey Board of Public Utilities on July 16, 2001. She was confirmed by the State Senate and sworn into office on October 3, 2001. She served as Acting President and then President from July 16, 2001, to January 15, 2002.

Commissioner Hughes is the Chairperson of the National Association of Regulatory Utility Commissioners' (NARUC) Ad Hoc Committee on Critical Infrastructure and the Middle Atlantic Conference of Regulatory Utility Commissioners' (MACRUC) Telecommunications Committee. Commissioner Hughes is also a member of the NARUC Telecommunications and International Committees and the NARUC Triennial Review Implementation Project Task Force, and she is the NARUC designee to the Department of Transportation's ES911 Wireless Task Force.

During the term of Acting Governor DiFrancesco, she was appointed as his Chief of Management and Policy responsible for policy development and implementation throughout all executive branch agencies.

Commissioner Hughes' 25 years of public service were largely devoted to the State's Department of Labor, where she served in various management positions, including Deputy Commissioner.

Commissioner Hughes received her B.S. from East Stroudsburg University and her Master of City and Regional Planning (MCRP) from Rutgers.

## meet the commissioners.

**Jack Alter**  
*Commissioner*



Jack Alter was appointed Acting Commissioner of the New Jersey Board of Public Utilities by Governor James McGreevey, effective October 7, 2002. The State Senate confirmed Mr. Alter's permanent appointment on October 31, 2002.

For the past 13 years, Commissioner Alter has served as Mayor of Fort Lee. He also served as a member of the Fort Lee Council and Planning Board and as a Bergen County Freeholder from January 2001 to October 2002.

Commissioner Alter's years of public service follow a successful business career, which spanned three decades. In 1964, he established his own business in insurance and investment sales, which was located in Greenwich, CT; Newark, NJ; and later in Lyndhurst and Roseland, NJ. The firm, a sole proprietorship until 1984, was identified as Jack Alter & Associates. A partnership merger later increased the size and name of the firm to Alter & Godfrey, Inc.

Commissioner Alter was a speaker and teacher with many insurance industry groups. He also served as president of the General Agents & Managers Association of Northern New Jersey from 1976 to 1977.

Commissioner Alter is a United States Army Veteran, having entered military service at the age of 18. He served in the United States Army Counterintelligence Corps. His tour of duty ended in 1947.

# major accomplishments.

## ***Third Successful BGS Auction***

In 1991, pursuant to the Electric Discount and Energy Competition Act of 1999 (EDECA), the BPU determined to annually bid out New Jersey's entire basic generation service (BGS) supply beginning in August 2002. BGS is the default provision of electric service to customers who do not switch to an alternate electric supplier.

New Jersey was the first—and until recently, the only—State in the nation to procure most of its electric needs through an auction. Now, New Jersey's BGS auction is a model for other States, such as Ohio and Delaware.

In February 2004, the BPU ran its third successful annual “descending clock” Internet-based BGS auction, which resulted in the following:

- A reduction in annual rates, up to 1.5 percent, for most residential customers;
- Increased activity in the retail electric market for large commercial and industrial customers, which providing more alternate electric supplier choices; and
- An increased number of real-time meters installed, thus providing customers with more energy usage information.

2004 marked the first year that the BGS auction utilized a three-year rolling average approach to hedge the risk of unfavorable market conditions that might be present at any given point in time. Economic and political uncertainties are part of normal business risk, which mitigate for—rather than against—a multiyear hedged approach.

## ***Clean Energy Program***

In the past year, New Jersey has seen unprecedented growth in moving toward our goal of establishing a vibrant market for energy-efficiency and renewable energy technologies. The Clean Energy Program's 2004 achievements include:

- The adoption of interconnection and net metering rules;
- The implementation of a Solar Renewable Energy Certificate (SREC) Program, which provides credits to owners of solar electric systems for generating emission-free energy and as a basis to sell the renewable energy credits; and
- The adoption of renewable energy portfolio standards (RPS) that require suppliers of electricity to purchase a certain percentage of their electric power from renewable energy systems.

# major accomplishments.

The BPU has also begun a process by which it will consider increasing RPS requirements to 20 percent by 2020.

2004 was a year in which these efforts began to pay dividends. The number of solar electric and other renewable energy systems installed soared from 58 in 2003 to 284 in 2004, and the number of applications for rebates to reduce installation costs increased from 156 in 2003 to 587 in 2004. Further, these efforts are gaining national recognition; quite fittingly, New Jersey has earned a reputation as the “solar capital of the nation.”

The Clean Energy Program is also promoting other renewable energy technologies. The Community Energy Atlantic County Utilities Authority (ACUA) wind project has received permit approvals and is expected to be operational in Fall 2005. This five-turbine, 7.5 MW project will be the first wind farm in New Jersey and the largest coastal wind farm in the United States.

The Program’s energy-efficiency initiatives have also received national recognition. The success of these initiatives in 2004 resulted in the BPU’s Office of Clean Energy (OCE) receiving the ENERGY STAR “Partner of the Year Award for Excellence in Energy Efficiency and Environmental Education,” which is to be jointly presented next year by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE).

Overall, 2004 initiatives reduced peak electric demand by a total of 254 MW, and natural gas initiatives focused on reducing usage during times of peak gas demand, which tend to be during cold-weather months. The total reductions in carbon dioxide emissions resulting from the Clean Energy Program in 2004 are equivalent to taking 3,800 cars off the road for an entire year. And the Program delivered enough energy savings to meet the electricity needs of a community of 46,000 homes.

Also, the Combined Heat and Power (CHP) initiative for commercial and business customers was launched this year, providing financial incentives for installations that enhance energy efficiency through on-site power generation that utilizes waste heat. CHP systems will reduce emissions and strengthen the transmission system by locating distributed generation throughout the grid. In 2004, over \$4 million in commitments were made for 24 CHP projects scheduled to be completed in 2005.

## **Completion of the JCP&L Investigation and Audit**

In the summer of 2003 and completing in 2004, the BPU launched an investigation and audit of the reliability of JCP&L’s distribution plant as well as the events related to the outages on the barrier peninsula in July 2003. As a result, JCP&L agreed to institute a number of concrete remedial improvements with particular emphases on increased circuit reliability and transformer maintenance and replacement. For the barrier peninsula, JCP&L constructed additional lines, significantly increasing the reliability to the surrounding area.

# major accomplishments.

## ***Resolution of the 50-Mile Conectiv Line***

The 50-mile Conectiv line was another important issue that was finally resolved in 2004. The BPU approved construction of an overhead 230,000-volt transmission line from the Oyster Creek plant to the Cardiff Substation that will, for the most part, run alongside the Garden State Parkway. The northern portion became operational this year, while the southern portion is expected to be completed before the end of the summer of 2005.

## ***Passage of New Smart Growth Rules***

The Division of Water and Wastewater has made great strides over the past year regarding the implications of the Governor's smart growth policy as a key element in evaluating municipal consent filings, rate increase applications and main extensions. The water utility is regularly questioned as to the planning area affected, the service territory (as designated by New Jersey Development and Redevelopment Plan), the potential for growth and type of growth that is expected to occur and the impact on water supply and infrastructure. As a result of this analysis during the past year, proposed rules designed to promote smart growth are under review by BPU Staff. Stakeholder meetings have been held concerning these proposed new rules, which have been published in the New Jersey Register. The Division of Water and Wastewater was central to drafting the new rules. Final publication and Board action are expected.

## ***Adoption and Transmittal to Legislature of Report on Video Competition***

The BPU adopted a Report to the Governor and Legislature entitled "The Status of Multi-Channel Video Competition in New Jersey," which was prepared by BPU Staff on various aspects of the cable television industry in New Jersey. The BPU was required to examine a number of key issues in the field of video competition in New Jersey by legislation signed by the Governor last April and sponsored by Senate President Richard J. Codey.

The Report presents in detail an analysis that included testimony and comments from industry participants and the Office of the Ratepayer Advocate at hearings held in February 2004. The Board found the following:

- Cable competition among video providers in New Jersey is sparse;
- Although there are no outright prohibitions or exclusions to telephone companies entering the video market, various state requirements may be viewed by some parties as impediments;

# major accomplishments.

- While technical barriers to providing video over telephone lines are few, the expense of upgrading the existing infrastructure may significantly impede; and
- The issue of non-discriminatory access arises in two contexts: 1) access for marketers or packagers of programming channels who do not own cable lines and Internet service thru the cable lines in competition with the cable companies own product offerings; and 2) programmer access to the service packages sold by the franchise cable operator to its customers. In either case the report indicates that a State requirement that a cable television company must provide its competitors with non-discriminatory access to the cable company's system would pose numerous problems under state and federal law.

The Board was required to specifically review and discuss four explicit topics:

- The issues associated with classifying every high-speed Internet service as a “telecommunications” service;
- The issues associated with a cable television company providing its competitors with non-discriminatory access to the cable television company’s cable communications system;
- The state of multi-channel video programming competition between cable companies, direct broadcast providers, satellite and other providers; and
- Promoting multi-channel video programming competition in New Jersey by telephone local and long distance telephone companies.

The Board transmitted the Report to the Governor, the President of the Senate, the Speaker of the General Assembly, the Minority Leader of the Senate, the Minority Leader of the General Assembly and the members of the Senate Commerce Committee and the Assembly Telecommunications and Utilities Committee.

## ***Long Term Planning, Conservation/Water Reuse and Service Quality Improvements among the State’s Water Utilities***

As part of settlements reached in the recent rate case proceedings for New Jersey-American Water Company, Elizabethtown Water Company, and The Mount Holly Water Company (collectively referred to as the NJOUs), Division Staff pushed for language in the settlements that would address certain issues at the forefront of the Division’s goals. Among them were long term planning, conservation/water reuse and service quality issues. While the NJOUs cases established standard language, the concepts applied therein have been expanded to include all other utilities as well—most recently Aqua New Jersey Water Company and Middlesex Water Company.

***Long Term Planning*** – For long term planning, water utilities will conduct a Long Term Planning Study in an attempt to formulate a master plan that utilizes least cost strategies to economically satisfy the long term needs of their customers while continuing to provide safe,

# major accomplishments.

proper and adequate service. In evaluating the strategies employed in implementing a long term plan, the water utilities will consider the smart growth criteria in planning areas when developing their long term plans.

**Conservation/Water Reuse** – For conservation and water reuse, water utilities will conduct a Conservation Study to determine the opportunities available for conservation and water reuse throughout the service territories. In the Conservation Study, the water utilities will identify initiatives that will maximize the conservation of potable water use, including a timetable to achieve quantifiable goals.

Division Staff's involvement with conservation and water reuse issues extends beyond the settlements in recent major cases. In addition, Staff members serving on the Public Advisory Committee participate in the comprehensive update of the next New Jersey Statewide Water Supply Plan. Division Staff's relevant knowledge of these issues has been an asset to the on-going process.

**Service Quality Issues** – For the water utilities involved in the recent rate case proceedings, proposed service quality performance plans for Board approval have been required for submission. Measurements of performance are to include call center performance, outage length, response to customer complaints and measurement of bill accuracy.

Service quality issues first came to the forefront in the merger proceedings for the NJOUs due to an emphasis on customer service. The requirements contained within those settlements built upon that emphasis in the provision of quality service to ratepayers.

## **\$2 Million in Access NJ Funding for DYFS**

Effective July 1, 2002, the *Access NJ* (ANJ) program, which provides technology, equipment and discounted services to schools and libraries, was enhanced and expanded to include:

- \$55 million for equipment over five years; and
- Continuation of special rates for K–12 public and non-public schools and public libraries through 2014.

And, beginning in 2004, up to \$2 million of ANJ funding was used to provide the technology, equipment and services to assist training and education of caseworkers at the State Department of Human Services Division of Youth and Family Services (DYFS).

# major accomplishments.

## ***\$500,000+ in Federal Grants for Security Enhancements to Critical Utility Infrastructure***

The BPU was awarded over half a million dollars in federal funding for critical infrastructure protection. Board Staff has inspected virtually all critical utility sites in the State in an effort to help these industries plan better for the future.

## ***Division of Customer Assistance Collected Fines and Saved Customers Money***

The Division's Bureau of Investigations assessed approximately \$4 million in possible fines against telephone companies accused of slamming and began the enforcement process used to collect penalties. In addition, the Bureau reaped \$171,141 in savings to New Jersey consumers. The Division's Bureau of Customer Relations installed a new telephone call management system and, in the process, secured consumer savings of \$900,152.

## ***Settlements through the One Call Program***

The One Call program collected close to \$400,000 in Offers of Settlement through its enforcement of the Underground Facilities Protection Act (UFPA). Overall education and enforcement efforts are help to improve safety measures aimed at protecting excavators, underground facility operators and the general public from damages occurring to water, electric, natural gas, cable television and telecommunications underground facilities.

# division & office functions.

## Division of Administration

Chicqueta Britton-Nutt, *Director*

T: (973) 648-2287

F: (973) 877-1168

The Division of Administration is comprised of five units that provide services for BPU staff.

**The Office of Human Resources** is responsible for human resource management, which includes: processing all personnel actions; recruitment; orientations; reclassifications; transfers; reassignments; and retirements. Additionally, the Office manages all benefits activities including: health; dental; vision; and prescription plans for employees.

**The Employee Relations Unit** oversees counseling, labor relations, employee incentive programs and security issues. The Unit also assists management in PAR activity, administers civil service regulations and proposes policies and procedures relating to the workplace.

**The Office Services Unit** provides broad based facility support to the Board. Areas of responsibility include the print shop operation, incoming/outgoing mailroom functions, message and courier service, distribution of office supplies and maintenance of the stock room. The Unit also provides support in managing the Board's assigned vehicles, parking passes, installation and relocation of telephone equipment and inter-office moves.

**The Equal Employment Opportunity and Affirmative Action Program (EEO/AA)** is administered by the EEO/AA Officer, who reports to the Division Director.

**Nursing Services** provides first aid and immediate medical care for BPU employees.

## Division of Audits

Walter Szymanski, *Director*

T: (973) 648-4622

F: (973) 648-2848

Pursuant to statute, the Division of Audits is empowered by the Board to examine and audit duly designated public utilities and other regulated entities subject to the Board's jurisdiction. The Division consists of two Bureaus that report to the Director.

**Bureau of Financial Audits** — Pursuant to N.J.S.A. 48:2-16.1 and 48:2-16.2, the Bureau of Financial Audits performs audits of utilities and other regulated entities subject to the Board's jurisdiction. Examples of financial audits performed include: utility construction programs, gas contracts, tariff compliance, energy efficiency and renewable energy programs, as well as audits of other regulated entities subject to the Board's jurisdiction such as New Jersey One Call.

## division & office functions.

As needed, the Bureau provides assistance to other State agencies such as the Division of Criminal Justice and the Department of Environmental Protection, as well as other Federal and local law enforcement agencies, in investigations relating to public utilities and other regulated entities subject to the Board's jurisdiction.

In addition to its audit responsibilities, the Bureau performs other services for the Board:

- Maintains and reviews annual reports filed by all New Jersey public utilities;
- Bears responsibility for the Board's Annual Assessment program pursuant to P.L. 1968, c. 173 (C.48:2-59), which authorizes the Board to assess its costs of regulation against the utilities it regulates, subject to a maximum assessment percentage; and
- Bears responsibility for the Board's licensing of third party energy suppliers, energy agents and private aggregators and for issuing authority for telecommunications Competitive Local Exchange Carriers (CLECs) to provide interexchange telecommunications services within the State.

**Bureau of Audits of Management Audits** — Pursuant to statute (N.J.S.A. 48:2-16.4), the Bureau of Management Audits reviews the operations and management of energy utilities during a specific time frame with the goal of seeking efficiency and accountability of actions in order to assure safe, adequate and proper service. The management audit goal of efficiency reflects endeavors to improve the future operations and management of the utility. The management audit staff has investigated and recommended courses of action to the Board on restructuring, electric outages, gas explosions, "Y2K," compliance reviews, reliability of service, generation, One Call, competitive services, affiliate relations and telephone finance integrity.

Under the Electric Discount and Energy Competition Act (EDECA), both Bureaus participate in the performance of competitive service compliance reviews for the electric and gas utilities every two years. These reviews are to be performed by an independent consulting firm under the direct supervision of staff.

### Division of Customer Assistance

Kent Papsun, *Director*

T: (973) 648-4436

F: (973) 648-2836

The Division of Customer Assistance consists of the Bureau of Customer Relations, the Research and Planning Unit and the Bureau of Investigations.

**The Bureau of Customer Relations** mediates disputes between utilities and customers over such matters as service complaints, high bills, payment arrangements, and discontinuance of service, deposit requests and incorrect rates.

The Bureau's verbal complaint unit is responsible for handling thousands of phone calls annually. These include: emergency calls concerning gas leaks; fallen wires and water main breaks, as well as lack-of-service complaints; service delays; appliance repairs; discontinuance of service; and payment arrangement mediation. The Bureau also conducts many office interviews with utility customers

## division & office functions.

who prefer to deal with BPU Customer Representatives in person.

Additionally, the Bureau contains a letter-writing unit, which investigates billing and service complaints. After investigations, the unit issues an informal decision that reflects the disposition of the matter at hand. The Bureau is also responsible for tracking the number of complaints received in order to identify areas of concern, and the Division, in turn, recommends corrective action to the BPU Commissioners if necessary.

**The Research and Planning Unit** is responsible for research and planning functions within the Division. It provides support to the Division Director in conducting special projects, surveys and studies. Staff also participates in rule making, rate case issues and tariff revisions and provides assistance and consultation to other Divisions of the Board.

**The Bureau of Investigations** handles telephone slamming complaints, as per P.L. 1998 c. 82. This legislation requires the State to “opt-in” to the Federal Communications Commissions’ State Referral Program and therefore handles all New Jersey slamming complaints that were previously referred to the FCC. Some of these complaints are handled in conjunction with the Division of Consumer Affairs to identify the chronic abusers. The Bureau of Investigations also handles other investigations as assigned.

### Division of Energy

Nusha Wyner, *Director*

T: (973) 648-3621

F: (973) 648-2467

The Division of Energy is responsible for traditional regulatory responsibilities associated with the natural gas and electric industries, in addition to the evolutionary facets of deregulation and retail competition. With the enactment of the Electric Discount and Energy Competition Act (EDECA), the Division’s responsibilities have significantly increased and changed as it fosters full electric and natural gas retail competition in New Jersey.

The Division is comprised of four distinct bureaus. The Division also has three newly created “Issues Manager” positions to provide additional expertise in matters concerning: 1) federal energy initiatives and FERC/PJM interaction; 2) rate design, revenue requirements and market development; and 3) renewable energy technologies.

**The Bureau of Revenue Requirements** performs traditional rate-related functions associated with determining revenue requirements, setting rates, and addressing tax issues. These functions encompass base rate cases, various adjustment clauses and depreciation matters. With retail competition, these functions are changing to meet the needs of a reconfigured energy environment in areas such as societal benefits charges and market transition costs.

**The Bureau of Rates and Tariffs** comprises the key functions associated with cost of service studies, unbundling of tariffs, alternate plans of regulation, rate and tariff design, mergers and acquisitions, competitive services, stranded costs, appliance service offerings and affiliate relations. The Bureau will also be addressing major changes in the electric and gas industries, ongoing review of unbundled

## division & office functions.

rates, deferred balances for electric utilities and cost of service studies for all seven energy utilities.

**The Bureau of Market Development and System Reliability** oversees industry restructuring issues, policy design, development of EDECA-mandated energy standards, environmental disclosure requirements and federal/PJM Interconnection and regional transmission matters. Market development includes basic generation supply, basic gas supply service, customer account services and the monitoring of customers changing energy suppliers. Another major role of the Bureau is to coordinate the efforts of working groups to facilitate utility transition to open competition. System Reliability includes regulatory oversight associated with the provision of safe, adequate and reliable electric and natural gas service.

### Division of Reliability and Security

James Giuliano, *Director*

T: (973) 648-3875

F: (973) 648-2242

**The Bureau of Emergency Management** handles emergency response matters related to water, sewer, electric and gas utilities. Additionally, the Bureau is tasked with oversight of each utility industry sector's security obligations in accordance with the Domestic Security Preparedness Act, the Attorney General's Office, the State Office of Emergency Management and the Office of Counter Terrorism. President Fox is an active participant on the Domestic Security Preparedness Task Force (DSPTF), and Staff works with the associated Infrastructure Advisory Committee (IAC) and other planning groups. Almost all aspects of the government and private sector preparedness, response and recovery depend upon essential utility services, which make crucial the Board's emphasis on reliability and security. Bureau staff has worked with each utility sector to craft Best Practices, including operational measures linked to each alert level of the Homeland Security Alert System. Staff is also participating in various exercises and training programs to address utility preparedness and reliability. The National Association of Regulatory Utility Commissioners (NARUC) recognized New Jersey's leadership in this area by appointing Commissioner Connie Hughes chair of their Ad Hoc Committee on Critical Infrastructure (on which President Fox also serves).

**The Bureau of Pipeline Safety (BPS)** administers a major safety and enforcement program for natural gas pipeline systems within the State of New Jersey. The BPS oversees the State's natural gas pipeline safety program in accordance with State and federal guidelines, as well as the U.S. Department of Transportation/Office of Pipeline Safety (OPS) certification requirements.

This includes a comprehensive inspection and compliance review of all intrastate gas pipeline systems. Further, the Bureau is responsible for accident investigations, effective rulemaking, national regulatory committee involvement and providing support and data for Divisional policy matters and related enforcement. The Bureau participates with the OPS in the review of proposed legislation developed in response to Federal mandates.

**The Bureau of Meter Tests and One Call** administers the Underground Facility Protection Act (One Call Law), a major safety and enforcement program. At a time when New Jersey is experiencing significant construction activity, the One Call enforcement program continues to experience an

## division & office functions.

increase in the use of the one-call system by excavators (with a decrease in the occurrences of hits to underground facilities).

Strong efforts directed toward public outreach and education, which include updates to our Excavator Handbook for Damage Prevention, continue to lead the activities of this unit.

### Division of Telecommunications

Anthony Centrella, *Director*

T: (973) 648-7865

F: (974) 624-9453

The Division of Telecommunications oversees the performance of the telephone companies under the Board's jurisdiction. The Division is comprised of three Bureaus: 1) Competitive Services and Mergers; 2) Policy and Planning; and 3) Technical Development and Deployment.

**The Bureau of Competitive Services and Mergers** executes the Board's regulatory policies for the implementation of local phone competition. It monitors the overall development of local exchange competition in New Jersey and conducts inter-carrier coordination activities.

**The Bureau of Policy and Planning** develops regulatory practices and rules to ensure the availability of universal telephone services at affordable rates.

**The Bureau of Technical Development and Deployment** examines the facilities deployment of telephone companies and ensures that the companies provide reliable, safe and high-quality service to consumers at reasonable prices, terms and conditions.

### Division of Water and Wastewater

Michael Gallagher, *Director*

T: (973) 648-3595

F: (973) 877-1167

The Division of Water and Wastewater bears primary responsibility for ensuring that safe, adequate and reliable water and wastewater service is available to the customers of New Jersey's 47 investor-owned water companies, 20 sewer companies and 10 municipal water companies at reasonable costs. In accomplishing its mission, the Division evaluates the financial implications and impact of health and environmental regulations on rates and the economic viability of the investor-owned water and wastewater utilities subject to the BPU's jurisdiction. The Division regularly deals with issues such as: establishing rates; assessment of water and wastewater infrastructure needs and costs; assuring a safe and reliable water supply; droughts; smart growth impacts on water and wastewater costs and availability; water reuse; depletion of aquifers; service interruptions; terms and conditions of water and wastewater service and management; and conservation initiatives.

## division & office functions.

The historically quiet water industry regulated by the BPU has been thrust into significantly changing markets requiring a strategic regulatory response due to the enactment of the State's Water Supply Public/Private Contracting Act (N.J.S.A. 58:26-19). Pursuant to this Act, a significant number of the State's municipal water systems are being privatized by subsidiaries of water purveyors regulated by the Board. The Division has a lead role in ensuring that these privatized efforts result in fair and equitable rates for the privatized municipal systems.

### Office of Cable Television

Celeste Fasone, *Director*

T: (973) 648-3272

F: (973) 648-3135

The Office of Cable Television (OCTV) regulates basic cable television rates and other cable services supplied by 38 cable TV systems to over 2.5 million subscribers throughout New Jersey. The OCTV also includes a Bureau of Accounts and a Bureau of Technical Services & Enforcement.

**The Bureau of Accounts** reviews sales, transfers, mergers and consolidations proposed by the various cable companies operating in New Jersey. Pursuant to the Federal Cable Act of 1992, the Bureau regulates the rates charged for basic service and equipment by five multi-system owners offering service within the State.

**The Bureau of Technical Services & Enforcement** reviews operational and technical plans submitted by the companies and assures that they are in compliance with State and Federal law and the terms and conditions set forth in their Certificates of Approval. Bureau staff also handles customer relations and rule enforcement in such matters as billing, service complaints, disconnections and property restoration.

A State and Local Planning Unit, which oversees franchising and re-franchising for New Jersey's 562 municipalities, completes the OCTV's structure.

### Office of the Chief of Staff

Lance R. Miller, *Chief of Staff*

T: (973) 648-3175

F: (973) 648-4195

The Chief of Staff (CoS) assists the President with the day-to-day management of the agency. The administrative, planning, financial, communications, legislative, clean energy and information technology units, along with the Office of Clean Energy (OCE), report directly to the CoS.

The CoS reviews all activities and work products of the above-noted units to ensure that they are correct and in compliance with existing regulatory requirements and established Board policy. The CoS also serves as a chief advisor to the Board and frequently represents the President and Commissioners at meetings with members of the public or with representatives of governmental and industry groups.

## Office of Clean Energy

Michael Winka, *Manager*

T: (609) 777-3312

F: (609) 777-3330

The Office of Clean Energy (OCE) has the responsibility of implementing energy efficiency and renewable energy programs, as well as program design, administration, monitoring and evaluation. The OCE administers a grid supply renewable energy program and an infrastructure development program. Additionally, the OCE administers federally funded energy conservation loans and grants, renewable energy demonstration projects, alternative fuels programs, emerging technologies and public awareness programs.

New Jersey's Clean Energy Program, administered by the OCE, is a signature initiative of the Board. The Clean Energy Program is a statewide program that targets millions of dollars each year toward technologies that save electricity and natural gas and increase the amount of electricity generated from clean, renewable resources. The Program was created as part of the New Jersey Electric Discount and Energy Competition Act (EDECA) with the objective of transforming the energy marketplace in New Jersey for energy efficiency and renewable energy technologies in a deregulated environment.

## Office of Communications

Joanne Murad, *Acting Director*

T: (973) 648-2595

F: (973) 648-8514

The Office of Communications is responsible for informing the public of Board decisions, meetings and activities. It culls information from various Divisions in order to respond to the media, general public, utility customers, the Legislature and local, State and Federal government officials and agencies. The Office of Communications oversees the development and implementation of the Board's statewide energy deregulation consumer education program.

The Office of Communications also coordinates the Board's participation with various consumer groups, neighborhood associations and private and public organizations to help educate the public about utility issues and how to make informed decisions in the newly deregulated energy market. It is also responsible for updating, designing, and monitoring the Board's website.

# division & office functions.

## Office of Chief Counsel

Suzanne Patnaude, *Chief Counsel*

T: (973) 648-3858

F: (973) 648-2209

The BPU's in-house legal unit is staffed by New Jersey-licensed attorneys and administrative support employees. Legal Specialists provide regulatory and administrative expertise regarding any matters brought before the Board. Members of the legal staff assist in coordinating requests for legal advice from the Office of the Attorney General; provide guidance as to the nature and substance of the various statutes and regulations covering the responsibilities of the BPU; serve as hearing officers (as required); facilitate settlement discussions conducted by the Board's technical divisions; draft proposed regulations, legislation and amendments in accordance with the policy objectives established by the Board; assist in drafting Board Orders; and provide support as requested by the Office of the Attorney General.

## Office of the Chief Economist

Fred Grygiel, *Chief Economist*

T: (973) 648-3414

F: (973) 648-4410

The Office of the Chief Economist advises the Board on policy issues and financial matters. It is responsible for analyzing and recommending action on cost-of-capital issues in traditional rates cases, evaluating utility requests to sell securities and assessing utility merger and acquisition proposals. The Office works with other technical Divisions to evaluate how proposed alternatives to traditional rate-base/rate-of-return regulation could impact ratepayers. It also evaluates a utility's financial structure and ability to fulfill regulatory obligations.

The Office monitors financial, capital and credit markets, providing the Board with overviews of how activity in these markets will affect specific matters before the Board.

The Office also analyzes issues of regulatory reform, tax policy, utility industry restructuring, stranded assets and expanding competition in previously monopolistic utility sectors.

## Office of the Executive Director

John Stanziola, *Executive Director*

T: (973) 648-4852

F: (973) 648-2409

The Executive Director oversees the activities of the Office of Cable Television and the Divisions of Audits, Energy, Telecommunications, Reliability and Security and Water and Wastewater. The Executive Director reviews all activities and work products of the above noted Divisions to ensure

## division & office functions.

that they are technically correct and in compliance with the existing regulatory criteria and established BPU policy. The Executive Director serves as a chief policy advisor to the BPU and is responsible for all technical staff policy recommendations to the BPU.

The Executive Director often represents the BPU in meetings with other State departments, the Governor's Office staff and the legislature, which includes providing testimony at legislative hearings. The Executive Director often acts as a spokesperson for the BPU in responding to press inquiries and in meetings with editorial boards.

The Executive Director is responsible for the overall management of the agency's technical Divisions. In addition to the policy development responsibilities, the Executive Director is responsible for hiring decisions, training and cross training, managing workload and the development of employee enhancement programs.

### Division of Information Technology

Wilma Hoggard, *Director*

T: (973) 648-3434

F: (973) 648-7968

The Division of Information Technology (IT) provides technical support to each Division of the BPU. Responsibilities include but are not limited to: Word & data processing solutions; data communications; database applications; networking solutions; and WEB interfacing applications. This requires analysis of each Division's specific computer hardware and software requirements and any accompanying design, development, procurement and implementation. A key goal of IT is to develop and implement procedures and guidelines in order to enhance data integrity, system maintenance, reliability and security for the Board. As such, the Division is responsible for establishing and administering a contingency plan to ensure continuity of operation.

IT provides support and assistance to the Board's end-users in the use of computer systems through Help Desk and desktop (PC) support. Appropriate application education is provided to technical staff and end-users. IT also advises senior management on emerging technologies that will enhance their ability to make informed business decisions.

In addition, IT is responsible for the hardware and software integration necessary to promote anytime, anywhere communication. This is facilitated through data sharing between wired, wireless and voice mail systems.

### Office of the Secretary of the Board

Kristi Izzo, *Secretary*

T: (973) 648-3426

F: (973) 648-2409

In accordance with N.J.S.A. 48:2-4, the Secretary of the BPU is charged with the duty to "keep full correct minutes of all transactions and proceedings of the Board" and to be "the official reporter

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of said proceedings.” In addition to these statutory responsibilities, the Secretary is responsible for managing the Board’s biweekly agenda process and serves as the BPU’s Records Custodian to ensure compliance with the Open Public Records Act. Finally, the Secretary also oversees all record management activities and the handling of all constituent inquiries. To aid the Secretary in performing these functions, the office includes the following units: Agenda Control, Case Management and Customer Assistance.

**new jersey board of public utilities**  
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