



Agenda Date: 7/25/18
Agenda Item: 2G

Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY FOR)
APPROVAL OF THE SECOND ENERGY)
STRONG PROGRAM (ENERGY STRONG II))
)
) DOCKET NOS. EO18060629 and
) GO18060630

Parties of Record:

Matthew M. Weissman, Esq., Public Service Electric and Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:¹

BACKGROUND

By Order² dated May 21, 2014, the New Jersey Board of Public Utilities ("Board") authorized Public Service Electric and Gas Company ("PSE&G" or "Company") to implement its Energy Strong Program. Pursuant to the Energy Strong Order, PSE&G was to invest up to \$1 billion (\$0.6 billion electric and \$0.4 billion gas), to be recovered through future base rate adjustments, to harden its infrastructure, thereby making it less susceptible to damage from wind, flying debris, and water damage in anticipation of future Major Storm Events³ and to strengthen the resiliency of the Company's delivery system.⁴

The Energy Strong Order also approved a cost recovery mechanism that allowed for semi-annual rate adjustments for spending related to electric Energy Strong Program investments and annual rate adjustments for spending related to gas Energy Strong Program investments.

¹ Commissioner Robert M. Gordon recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

² In re the Board's Review of the Petition of Public Service Electric and Gas Company for Approval of the Energy Strong Program, BPU Docket Nos. E013020155 and G013020156 (May 21, 2014) ("Energy Strong Order").

³ "Major Storm Event" is defined as a sustained impact on or interruption of utility service resulting from conditions beyond the control of the utility that affects at least 10 percent of the customers in an area. In re the Board's Establishing a Generic Proceeding to Review the Prudence of Costs Incurred by NJ Utility Companies in Response to Major Storm Events in 2011 and 2012, BPU Docket No. AX 13030196 at 2, (March 20, 2013).

⁴ The Company was to invest an additional \$220.0 million into the Energy Strong Program - Electric related to substations which will not be recoverable through the Energy Strong Program rate recovery mechanism.

Energy Strong II Program Petition

On June 12, 2018, PSE&G filed a petition for approval to implement the next phase of its Energy Strong Program ("Energy Strong II" or "Program") and an associated cost recovery mechanism. The Company proposed a five (5) year program with a total investment level of approximately \$2.5 billion. PSE&G states that the Program aims to improve the reliability and resiliency of the Company's electric and gas systems by rebuilding critical electrical equipment, installing stronger poles, deploying advanced technology, building backup pipes, modernizing critical gas equipment, and improving customer service.

According to the petition, the proposed Program is consistent with the Board's rules on Infrastructure Investment Programs ("IIP"), promulgated in N.J.A.C. 14:3-2A. Consistent with the IIP regulations, PSE&G states that the Program aims to enhance safety, reliability, and/or resiliency through four (4) electric and two (2) gas subprograms. The Company proposes to conduct the Program from March 1, 2019 through February 29, 2024.

PSE&G projects that the first base rate adjustment filings related to the Program will be in September 2020 for electric rates and March 2022 for gas rates. The Company also proposes a rate filing no later than September 15, 2024 comprised of all actual cost data for rates effective January 1, 2025. Costs to be included in rates will include depreciation/amortization expense, return on the net investment, and the impact of any tax adjustments applicable to the Program.

Following the filing of the petition, the New Jersey Large Energy Users Coalition ("NJLEUC") filed a motion to intervene and for the admission pro hac vice of Paul F. Forshay, Esq., a member of the bar of the District of Columbia.

DISCUSSION

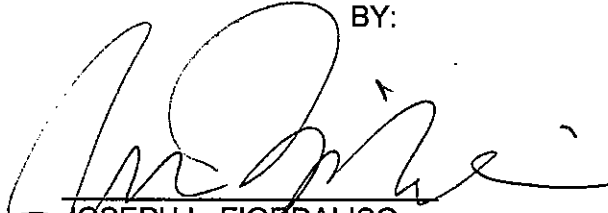
The Board has determined that the Energy Strong II petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** President Fiordaliso as the presiding officer who is authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by August 17, 2018. Any party wishing to file a motion for admission of counsel, pro hac vice, should do so concurrently with any motion to intervene or participate. President Fiordaliso, as the presiding officer, will render a decision with regard to any pending motions following the expiration of the August 17, 2018 deadline, including the pending motions filed by NJLEUC.

Also in the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing two hard copies to each party, unless otherwise requested by the parties. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

This Order shall be effective August 4, 2018.

DATED: 7/25/18

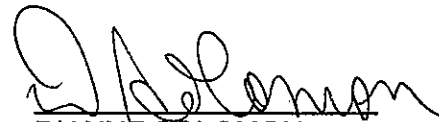
BOARD OF PUBLIC UTILITIES
BY:



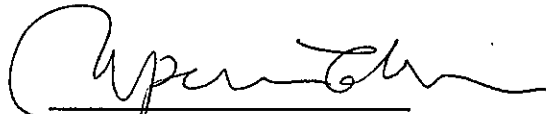
JOSEPH L. FIORDALISO
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MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY
FOR APPROVAL OF THE SECOND ENERGY STRONG PROGRAM (ENERGY STRONG II)
DOCKET NOS. EO18060629 and GO18060630

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