



Agenda Date: 11/22/13
Agenda Item: 2E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE BOARD'S ESTABLISHMENT)	ORDER DESIGNATING
OF A GENERIC PROCEEDING TO REVIEW THE)	COMMISSIONER AND
COSTS, BENEFITS AND RELIABILITY IMPACTS OF)	SETTING MANNER OF
MAJOR STORM EVENT MITIGATION EFFORTS; and)	SERVICE
)	
)	DOCKET NO. AX13030197
IN THE MATTER OF THE PETITION OF SOUTH)	
JERSEY GAS COMPANY FOR APPROVAL OF A)	
STORM HARDENING AND RELIABILITY PROGRAM)	
(SHARP) AND ASSOCIATED RECOVERY)	
MECHANISM)	DOCKET NO. GO13090814

Parties of Record:

Ira G. Megdal, Esq., South Jersey Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

The Board of Public Utilities ("Board") is empowered to ensure that regulated public utilities provide safe, adequate and proper service to the citizens of New Jersey. N.J.S.A. 48:2-23. Pursuant to N.J.S.A. 48:2-13, the Board has been vested by the Legislature with the general supervision and regulation of and jurisdiction and control over all public utilities, "so far as may be necessary for the purpose of carrying out the provisions of [Title 48]." The courts of this State have held that the grant of power by the Legislature to the Board is to be read broadly, and that the provisions of the statute governing public utilities are to be construed liberally. See, e.g. In re Public Service Electric and Gas Company, 35 N.J. 358, 371 (1961); Township of Deptford v. Woodbury Terrace Sewerage Corp., 54 N.J. 418, 424 (1969); Bergen County v. Dep't of Public Utilities, 117 N.J. Super. 304 (App. Div. 1971). The Board is also vested with the authority, pursuant to N.J.S.A. 48:2-19, to investigate any public utility, and, pursuant to N.J.S.A. 48:2-16 and 48:2-40, to issue orders to public utilities.

In 2011 and 2012 New Jersey was struck by five unusually damaging major storm events which caused severe damage to the State's utility infrastructure: Hurricane Irene on August 28, 2011; an unseasonal and powerful snowstorm on October 29, 2011; a derecho wind storm on June 20, 2012; Superstorm Sandy on October 29, 2012; and ten days later a powerful nor'easter on November 7, 2012.

On January 23, 2013 the Board issued an Order¹ (“January 23 Order”) addressing five categories of potential improvements to be undertaken by New Jersey’s electric distribution companies (“EDCs”) in response to large-scale weather events. The areas for potential improvements include: 1) Preparedness Efforts; 2) Communications; 3) Restoration and Response; 4) Post Event; and 5) Underlying Infrastructure Issues.

In the January 23 Order, among other actions, the Board directed the EDCs to provide a detailed cost benefit analysis for a variety of utility infrastructure upgrades. The Board further required the EDCs to “carefully examine their infrastructure and use data available to determine how substations can be better protected from flooding, how vegetation management is impacting electric systems, and how Distribution Automation can be incorporated to improve reliability.” January 23 Order at 56.

On March 20, 2013, the Board issued an Order² (“March 20 Order”), which initiated a generic proceeding (hereinafter “Storm Mitigation Proceeding”) to investigate possible avenues to support and protect New Jersey’s utility infrastructure so that it may be better able to withstand the effects of future Major Storm Events,³ and focused on a portion of the January 23 Order-Underlying Infrastructure Issues – but for all utility companies, not exclusively for the EDCs. It also invited all regulated utilities to submit detailed proposals for infrastructure upgrades designed to protect the State’s utility infrastructure from future Major Storm Events, pursuant to the terms and level of detail requested in the January 23 Order, and found that all petitions filed in the future should be retained by the Board for review and hearing as authorized by N.J.S.A. 52:14F-8. March 20 Order at 3.

On September 3, 2013, South Jersey Gas (“SJG”) petitioned the Board for approval of its Storm Hardening and Reliability Program (“SHARP”) to “protect its infrastructure from Major Storm Events and to increase the reliability of its system in coastal areas.” SJG requested approval of approximately \$280 million to replace 179 miles of distribution main and approximately 26,000 services, with the costs to be collected from rate payers over a period of 7 years through the implementation of a “SHARP rate” adjustment” mechanism. Petition at 1-2. SJG further requested that the Board approve these expenditures and the recovery mechanism by January 1, 2014. Petition at 12.

The Board has determined that the petition should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, the Board **HEREBY DESIGNATES** Commissioner Dianne Solomon as the presiding officer with authority 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.

¹ In the Matter of the Board’s Review of the Utilities Response to Hurricane Irene, Order Accepting Consultants’ Report and Additional Staff Recommendations and Requiring Electric Utilities to Implement Recommendations. BPU Docket No. EO11090543, January 23, 2013.

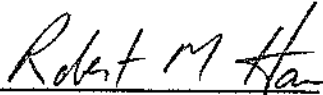
² In the Matter of the Board’s Establishment of a Generic Proceeding to Review Costs, Benefits, and Reliability impacts of Major Storm Event Mitigation Efforts, BPU Docket No. AX13030197, March 20, 2013 (“March 20 Order”).

³ Major Storm Event is defined as sustained impact on or interruption of utility service resulting from conditions beyond the control of the utility that affect at least 10 percent of the customers in an operating area. March 20 Order at 2.


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, with hard copies to each party upon request.

DATED: 11/22/13

BOARD OF PUBLIC UTILITIES
BY:



ROBERT M. HANNA
PRESIDENT



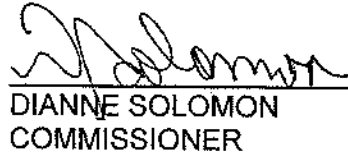
JEANNE M. FOX
COMMISSIONER



JOSEPH L. FIORDALISO
COMMISSIONER



MARY-ANNA HOLDEN
COMMISSIONER



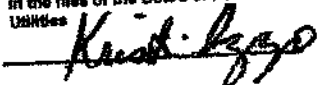
DIANNE SOLOMON
COMMISSIONER

ATTEST:



KRISTI IZZO
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 SOUTH JERSEY GAS COMPANY FOR APPROVAL
OF A STORM HARDENING AND RELIABILITY PROGRAM ("SHARP") AND ASSOCIATED
RECOVERY MECHANISM
DOCKET NOS. AX13030197 and GO13090814

SERVICE LIST

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