



STATE OF NEW JERSEY
Board of Public Utilities
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**MINUTES OF THE REGULAR MEETING OF THE
BOARD OF PUBLIC UTILITIES**

A Regular Board meeting of the Board of Public Utilities was held on January 25, 2017, at the State House Annex, Committee Room 11, 125 West State Street, Trenton, New Jersey 08625.

Public notice was given pursuant to N.J.S.A. 10:4-18 by posting notice of the meeting at the Board's Trenton Office, on the Board's website, filing notice of the meeting with the New Jersey Department of State and the following newspapers circulated in the State of New Jersey:

Asbury Park Press
Atlantic City Press
Burlington County Times
Courier Post (Camden)
Home News Tribune (New Brunswick)
North Jersey Herald and News (Passaic)
The Record (Hackensack)
The Star Ledger (Newark)
The Trenton Times

The following members of the Board of Public Utilities were present:

Richard S. Mroz, President
Joseph L. Fiordaliso, Commissioner
Mary-Anna Holden, Commissioner
Dianne Solomon, Commissioner
Upendra J. Chivukula, Commissioner

President Mroz presided at the meeting and Irene Kim Asbury, Secretary of the Board, carried out the duties of the Secretary.

It was announced that the next regular Board Meeting would be held on February 22, 2017 at the State House Annex, Committee Room 11, 125 West State Street, Trenton, New Jersey 08625.

CONSENT AGENDA

I. AUDITS

A. Energy Agent, Private Aggregator and/or Energy Consultant Initial Registrations

EE16090857L	Avatar Management Inc. d/b/a Avatar Telcom & Energy Solutions	I – EA
EE16090923L	Advantage Energy Partners, LLC	I – EA
EE16100950L	Power Kiosk, LLC	I – EA/PA
GE16100951L		
EE16111052L	American PowerNet Management, LP	I – EA/PA/EC
GE16111053L	d/b/a American PowerNet	

Energy Agent, Private Aggregator and/or Energy Consultant Renewal Registrations

EE15101217L	Energy Management Resources of Missouri, Inc. d/b/a Energy Management Resources	R – EA
EE16080816L	Berkshire Energy Partners, LLC	R – EA
EE16060574L	Live Energy Inc.	R – EA
EE16010064L	Energy Edge Consulting, LLC	R – EA
EE16010077L	John Orr d/b/a Energy Management Services	R – EA
EE16080791L	EarlyBird Power, LLC	R – EA/PA
GE16080792L		
EE15050507L	The Legacy Energy Group, LLC	R – EA/PA
GE15050508L	d/b/a Legacy Energy	
EE16121173L	Achieve Energy Solutions, LLC	R – EA/PA
GE16121174L		
EE15121353L	TFS Energy Solutions, LLC	R – EA/PA/EC
GE15121354L	d/b/a Tradition Energy	
EE17010008L	Mondre Energy, Inc.	R – EA/PA/EC
GE17010009L		
EE16040377L	Sprague Energy Solutions, Inc.	R – EA/PA/EC
GE16040378L		
EE16111087L	Luthin Associates, Inc.	R – EA/EC
GE16121196L		
GE15121359L	NJHA Healthcare Business Solutions	R – PA

Electric Power and/or Natural Gas Supplier Initial Licenses

EE16121149L	Agera Energy, LLC	I – EGSL
GE16121187L		

Electric Power and/or Natural Gas Supplier Renewal Licenses

EE15091054L	Nordic Energy Services, LLC	R – ESL
EE16121190L	Mansfield Power and Gas, LLC	R – EGSL
GE16121191L		
EE16040302L	UGI Energy Services, LLC	R – EGSL
GE16040301L	d/b/a UGI EnergyLink	
GE16090924L	Dominion Retail, Inc. d/b/a Dominion Energy Solutions	R – GSL

Clean Power Marketer Renewal License
EP16090856L Sterling Planet, Inc.

R – GPM

BACKGROUND: The Board must register all energy agents and consultants, and license all third party electric power suppliers and gas suppliers. An electric power supplier, gas supplier, or clean power marketer license shall be valid for one year from the date of issue, except where a licensee has submitted a complete renewal application at least 30 days before the expiration of the existing license, in which case the existing license shall not expire until a decision has been reached upon the renewal application. An energy agent, private aggregator or energy consultant registration shall be valid for one year from the date of issue. Annually thereafter, licensed electric power suppliers, gas suppliers, and clean power marketers, as well as energy agents, private aggregators and energy consultants, are required to renew timely their licenses in order to continue to do business in New Jersey.

Staff recommended that the following applicants be issued initial registrations as an energy agent, private aggregator and/or energy consultant for one year:

- Avatar Management Inc. d/b/a Avatar Telcom & Energy Solutions
- Advantage Energy Partners, LLC
- Power Kiosk LLC
- American PowerNet Management, LP d/b/a American PowerNet

In addition, Staff recommended that the following applicants be issued renewal registrations as an energy agent, private aggregator and/or energy consultant for one year:

- Energy Management Resources of Missouri, Inc. d/b/a Energy Management Resources
- Berkshire Energy Partners, LLC
- Live Energy Inc.
- Energy Edge Consulting, LLC
- John Orr d/b/a Energy Management Services
- EarlyBird Power LLC
- The Legacy Energy Group, LLC d/b/a Legacy Energy
- Achieve Energy Solutions, LLC
- TFS Energy Solutions, LLC d/b/a Tradition Energy
- Mondre Energy, Inc.
- Sprague Energy Solutions Inc.
- Luthin Associates, Inc.
- NJHA Healthcare Business Solutions

Staff also recommended that the following applicant be issued an initial license as an electric power and/or natural gas supplier for one year:

- Agera Energy LLC

Staff further recommended that the following applicants be issued renewal licenses as an electric power and/or natural gas supplier for one year:

- Nordic Energy Services, LLC
- Mansfield Power and Gas, LLC
- UGI Energy Services, LLC d/b/a UGI EnergyLink
- Dominion Retail, Inc. d/b/a Dominion Energy Solutions

Finally, Staff recommended that the following applicant be issued an initial license as a clean power marketer for one year:

Sterling Planet, Inc.

DECISION: The Board adopted the recommendation of Staff as set forth above.

II. ENERGY

A. Docket No. ER17010003 – In the Matter of the Federal Energy Items for 2017 – FERC Docket No. EL17-22 – Independent Market Monitor for PJM v. American Electric Power Corp.

BACKGROUND: This matter involved Staff, on behalf of the Board, filing for intervention in this proceeding as an “interested state commission” under Federal Energy Regulatory Commission (FERC) rules of practice. The FERC e-filing rules allow for doc-less interventions within a specified time period, beyond which the state commission must file a motion to intervene. The purpose of this intervention is to establish the Board as a party to the proceeding. At present, Staff is monitoring the proceeding on behalf of the Board. Staff requested ratification of the doc-less intervention in this proceeding.

On November 22, 2016, the Independent Market Monitor (IMM) for PJM filed a Complaint with FERC alleging that the American Electric Corporation (AEP) had failed to provide response to information requests that the IMM requires in order to verify AEP’s variable operations and maintenance expense component of its cost based offer. IMM sought data to verify that the AEP was not submitting inflated offers and thus exercising market power.

Staff recommended that the Board ratify this intervention.

DECISION: The Board adopted the recommendation of Staff as set forth above.

III. CABLE TELEVISION

A. Docket No. CE16100943 – In the Matter of the Petition of Service Electric Cable T.V. of New Jersey, Inc. for a Renewal Certificate of Approval to Own, Operate, Extend and Maintain a Cable Television System in the Borough of Sussex, County of Sussex, State of New Jersey.

BACKGROUND: On August 16, 2016, the Borough of Sussex (Borough) granted Service Electric Cable T.V. of New Jersey, Inc. (Service Electric) renewal municipal consent for a term of 10 years. On September 7, 2016, Service Electric accepted the terms and conditions of the ordinance, and on October 11, 2016, Service Electric filed a petition with the Board for a Renewal Certificate of Approval for the Borough. Staff recommended approval of the proposed Renewal Certificate of Approval. This Certificate shall expire on September 6, 2026.

DECISION: The Board adopted the recommendation of Staff as set forth above.

B. Docket No. CE13080756 – In the Matter of the Application of Verizon New Jersey, Inc. for Renewal of a System-wide Cable Television Franchise.

BACKGROUND: This matter involved an Order memorializing the addition of the Township of Lower Alloways Creek to the renewal system-wide cable television franchise issued to Verizon on January 30, 2014.

On December 15, 2006, the Board approved a system-wide cable television franchise to Verizon New Jersey, Inc. to allow it to provide cable television service in 316 municipalities. That order was amended on December 18, 2006, August 1, 2007, April 9, 2008, October 23, 2008, April 27, 2009, July 29, 2009, April 11, 2012, November 20, 2012 and April 29, 2013.

On January 30, 2014, the Board issued a system-wide cable television franchise renewal for a term of seven years in this matter. On July 23, 2014, the Board issued an Order of Amendment to the system wide-franchise issued to Verizon to include the Borough of Seaside Heights. On July 23, 2015, the Board issued a Second Order of Amendment to the system-wide franchise issued to Verizon to include the Township of Woodland. On November 30, 2016, the Board issued a Third Order of Amendment to the system-wide franchise issued to Verizon to include the Borough of Milltown.

Verizon filed notice with the Board and with the Township of Lower Alloways Creek that it was adding the Township of Lower Alloways Creek to its system-wide cable television franchise. The total number of municipalities covered by Verizon's system-wide cable television franchise is now 383. Verizon provides telephone service in all or parts of 526 municipalities in the state. Verizon provides its FiOS cable television service to all or parts of 361 municipalities.

After review, the Office of Cable Television & Telecommunications recommended approval of the Fourth Order of Amendment to include the Township of Lower Alloways Creek into Verizon's renewal system-wide cable television franchise.

DECISION: The Board adopted the recommendation of Staff as set forth above.

C. Docket No. CO16121154 – In the Matter of Verizon New Jersey, Inc. for Certification of Capability to Provide Cable Television Service to Sixty Percent of Households in Five Municipalities.

BACKGROUND: On December 12, 2016, Verizon New Jersey, Inc. (Verizon) filed a petition with the Board for approval of its certification that it is capable of providing service to 60 percent of the households in five municipalities: the Township of Deerfield, the Borough of Edgewater, the Township of Middle, the Township of Middletown and the Borough of Monmouth Beach.

Approval of the certification petition will require the existing cable television companies within the Township of Deerfield, the Borough of Edgewater, the Township of Middle, the Township of Middletown and the Borough of Monmouth Beach to pay the same franchise fee required of Verizon, resulting in an increased fee from 2 percent of the basic revenues to 4 percent of the gross revenues of the cable television provider.

This is the 26th such petition to be brought before the Board. By previous orders, the Board approved the certifications filed by Verizon of its capability to provide service to at least 60 percent of the households in a total of 250 municipalities in the State.

After review, the Office of Cable Television & Telecommunications recommended that the Board approve Verizon's certification for 60 percent availability of cable television service in the Township of Deerfield, the Borough of Edgewater, the Township of Middle, the Township of Middletown and the Borough of Monmouth Beach.

DECISION: The Board adopted the recommendation of Staff as set forth above.

D. Docket No. CE10090684 – In the Matter of Cablevision of Rockland/Ramapo, LLC Conversion to a System-wide Cable Television Franchise – Franchise Renewal Ascertainment Report.

BACKGROUND: On September 17, 2010, Cablevision of Rockland/Ramapo, LLC converted the Borough of Montvale into a system-wide cable television franchise as provided in the New Jersey Cable Television Act (ACT).

The amendments to the Act which enabled Verizon New Jersey, Inc. to receive the first system-wide cable television franchise also provided the ability for existing cable television operators to automatically convert any or all of their existing cable television franchises to a system-wide cable television franchise, by providing notice to the Board and the affected municipality.

The statute does not require Board approval of the conversion; however, an order memorializing the conversion must be issued for the initial and subsequent conversions. An order memorializing the conversion of the Borough of Montvale was issued on December 16, 2010.

Cablevision of Rockland/Ramapo, LLC's franchise is valid for seven years from the date of conversion of the Borough of Montvale and expires on September 17, 2017.

Staff recommended the Board approve the Office of Cable Television and Telecommunications' release of the System-wide cable television franchise ascertainment report for Cablevision of Rockland/Ramapo, LLC.

DECISION: The Board adopted the recommendation of Staff as set forth above.

IV. TELECOMMUNICATIONS

A. Docket No. TM16111078 – In the Matter of the Verified Joint Petition of Onvoy, LLC; Neutral Tandem-New Jersey, LLC; and Inteliquent, Inc. for Approval for the Transfer of Indirect Control of Neutral Tandem-New Jersey, LLC to Onvoy, LLC.

BACKGROUND: On November 14, 2016, Onvoy, LLC, Neutral Tandem-New Jersey, LLC, and Inteliquent, Inc., submitted a Joint Petition to the Board requesting approval for the transfer of indirect control of Neutral Tandem-New Jersey, LLC, to Onvoy, LLC.

Following the Proposed Transaction, Neutral Tandem-New Jersey, LLC will continue to offer the same services in New Jersey at the same rates, terms, and conditions.

Having reviewed the Joint Petition and supporting documents, Staff did not find any reason to believe that there will be an adverse impact on rates, competition in New Jersey, the employees of the Petitioners, or on the provision of safe adequate and proper service to New Jersey consumers. Moreover, a positive benefit may be expected from the strengthening of the Petitioner's competitive posture in the telecommunications market. Staff recommended that Petitioners be allowed to proceed with the proposed transaction.

DECISION: The Board adopted the recommendation of Staff as set forth above.

B. Docket No. TM16111085 – In the Matter of the Verified Joint Petition of Business Telecom, LLC, Conversent Communications of New Jersey, LLC, CTC Communications Corp., EarthLink Business, LLC, Lightship Telecom, LLC and EarthLink Holdings Corp. and Windstream Holdings, Inc. for Approval to Transfer Control of Authorized Telecommunications Providers.

BACKGROUND: On November 16, 2016, CTC Communications Corp. (CTC), Earthlink Business, LLC (EarthLink Business), and Lightship Telecom, LLC (collectively, the EarthLink Licensees), EarthLink Holdings Corp. (EarthLink Parent), and Windstream Holdings, Inc. (Windstream Parent) (collectively, Petitioners), submitted a Joint Petition to the Board requesting approval to complete a transaction between EarthLink Parent and Windstream Parent allowing Windstream Parent to acquire indirect control of the EarthLink Licensees from EarthLink Parent.

The Petitioners also sought approval allowing EarthLink Business to transfer its equity interests in the EarthLink Licensees to a to-be-formed intermediate holding company with no effect upon the existing entity operations of the EarthLink Licensees. Following the proposed transaction, the EarthLink Licensees' will continue to offer the same services in New Jersey at the same rates, terms, and conditions.

Having reviewed the Petition and supporting documents, Staff did not find any reason to believe that there will be an adverse impact on rates, competition in New Jersey, the employees of the Petitioners, or on the provision of safe adequate and proper service to New Jersey consumers. Moreover, a positive benefit may be expected from the strengthening of the Petitioner's competitive posture in the telecommunications market. Staff recommended that Petitioners be allowed to proceed with the proposed transaction.

DECISION: The Board adopted the recommendation of Staff as set forth above.

C. Docket No. TM16101009 – In the Matter of the Application of Verizon New Jersey, Inc. for the Approval of the Sale and Conveyance of Real Property Located in the Township of Long Beach, Ocean County, New Jersey to Andrew DeLaive and Daniel Nicolosi.

BACKGROUND: On October 24, 2016, Verizon New Jersey Inc. (VNJ or Petitioner) filed a petition seeking the Board's approval of the sale and conveyance of real property located in the Township of Long Beach, Ocean County, New Jersey (Property) to Andrew DeLaive and Daniel Nicolosi (Buyers) for the consideration of \$610,000.00. VNJ maintains that the Property will not be required for any present or prospective utility purposes.

The Petitioner stated that the Property had been advertised for sale on July 2, July 5 and July 12, 2015, in the Asbury Park Press. No bids were received as a result of this advertisement. The Petitioner again advertised the Property on August 25, 28 and September 4, 2016 in the same newspaper. This time, seventy five prospective buyers received bid document packages. On September 14, 2016, five bids were received and opened. On October 18, 2016, the Petitioner accepted the high offer for the Property from the Buyers in the amount of \$610,000.00 and entered in to Purchase agreement. The Petitioner believes that Buyers' bid of \$610,000.00 is the best price attainable for the Property and represents the fair market value of the Property.

On November 9, 2016, the New Jersey Division of the Rate Counsel filed a letter with the Board indicating that they will not file comments for Board consideration in this matter. Staff found that the Property is not useful for any present or future purposes and the sale of the Property will not affect the ability of the company to provide safe, adequate or proper service, and therefore recommended the Board approve of the Petitioner's request.

DECISION: The Board adopted the recommendation of Staff as set forth above.

D. Docket No. TF16111079 – In the Matter of the Verified Joint Petition of Onvoy, LLC, Broadvox-CLEC, LLC, ANPI, LLC, and Neutral Tandem-New Jersey, LLC (1) for Onvoy, LLC, Broadvox-CLEC, LLC, and ANPI, LLC to Expand their Financing Arrangements and (2) for Neutral Tandem-New Jersey, LLC to Participate in Certain Financing Arrangements Upon Completion of the Transfer of Indirect Control of Neutral Tandem-New Jersey, LLC to Onvoy, LLC.

BACKGROUND: On November 10, 2016, Onvoy, LLC (Onvoy), Broadvox-CLEC, LLC (BV-CLEC), ANPI, LLC (ANPI), and Neutral Tandem-New Jersey (Neutral Tandem) (BV-CLEC, ANPI and Neutral Tandem collectively referred to as Licensees and, together with Onvoy, the Petitioners) submitted a Petition to the Board requesting approval for Onvoy, BV-CLEC, and ANPI to expand their financing arrangements, and for Neutral Tandem to participate in the financing arrangements upon completion of the transfer of indirect control of Neutral Tandem to Onvoy (the Inteliquent Merger).

Onvoy, BV-CLEC, and ANPI sought Board approval to expand their existing authority to enter into or participate in new, amended and restated financing arrangements up to an aggregate amount of \$800 million (the Financing Arrangements). The Petitioners also sought approval for Neutral Tandem to participate in the Financing Arrangements, only upon completion of the Inteliquent Merger. The Petitioners expect that any long-term indebtedness incurred as part of the financing will mature up to ten years after issuance, depending on the type of debt instrument. Interest rate(s) will be set according to market conditions at issuance and may be fixed or floating, or a combination thereof, depending on the type of debt. Some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets of Onvoy and its current and future subsidiaries, including BV-CLEC, ANPI, and Neutral Tandem. A portion of the Financing Arrangements may be unsecured facilities. For the secured facilities, the equity of Onvoy and its current and future subsidiaries may be pledged as additional security. Additionally, Onvoy's current and future subsidiaries, including BV-CLEC, ANPI, and Neutral Tandem, may provide a guaranty as security for the full aggregate amount of the Financing Arrangements. The Financing Arrangements may be used for acquisitions, including the Inteliquent Merger, refinancing existing debt of Onvoy and its acquisitions, working capital requirements and general corporate purposes of the company.

In order to maintain adequate flexibility, the Petitioners therefore sought authority for Onvoy, BV-CLEC, ANPI and, following consummation of the Inteliquent Merger, Neutral Tandem to each incur debt, as borrower, co-borrower or guarantor and pledge their assets as security for Financing Arrangements up to an aggregate amount of \$800 million consistent with the parameters outlined above.

The Office of the Economist, after review of the information submitted in this proceeding, found that the action requested is in accordance with the law and in the public interest and therefore recommended approval of this petition.

DECISION: The Board adopted the recommendation of Staff as set forth above.

V. WATER

There were no items in this category.

VI. RELIABILITY & SECURITY

A. Docket Nos. GS16111071K, et al. – In the Matter of Alleged Violations of the Underground Facility Protection Act, N.J.S.A. 48:2-73 et seq.

BACKGROUND: This matter involved settlements of alleged violations of the Underground Facility Protection Act (the Act) by both excavators and operators of underground facilities. The categories of infraction include failure to provide proper notice, failure to use reasonable care and mismarking of facilities. The cases have been settled in accordance with a penalty strategy which escalates the penalty ranges in relationship to the aggravating factors such as injury, property damage, fire, evacuation, road closure, and other public safety concerns. Moreover, the strategy seeks to establish appropriate disincentives for actions which violate the Act.

Pursuant to the Act, the Board through the Bureau of One-Call supervises and enforces the One-Call Underground Damage Prevention System. The Act subjects violators of its provisions to civil penalties of not less than \$1,000.00 and not more than \$2,500.00 per violation per day, with a \$25,000.00 maximum for a related series of violations. Violations involving a natural gas or hazardous liquid underground pipeline or distribution facility are subject to civil penalties not to exceed \$100,000.00 for each violation for each day with a \$1,000,000.00 maximum for any related series of violations.

The number of settlements are 35 with a total penalty of \$105,000.00.

Staff employed a single order to close multiple cases in order to create a more streamlined and effective enforcement process. Staff recommended that the Board approve all those cases in which offers of settlement and payment have been received.

DECISION: The Board adopted the recommendation of Staff as set forth above.

VII. CUSTOMER ASSISTANCE

A. Docket Nos. BPU EC16030249U and OAL PUC 08689-16 – In the Matter of Aum Viththal, LLC, Petitioner v. Public Service Electric and Gas Company, Respondent – Billing Dispute.

BACKGROUND: This matter involved a billing dispute between Aum Viththal, LLC (Petitioner) and Public Service Electric & Gas Company (PSE&G). The petition was transmitted to the Office of Administrative Law on June 10, 2016, for hearing as a contested case. Administrative Law Judge (ALJ) John P. Scollo filed an Initial Decision in this matter with the Board on December 14, 2016, approving the Stipulation of Settlement (Stipulation) of the Parties.

Pursuant to the terms of the Stipulation, and in order to fully resolve this matter, PSE&G agreed to issue a credit on Petitioner's account in the amount of \$19,577.75. The Parties agreed that the Petitioner shall pay the remaining balance of \$116,523.75, over 24 consecutive months starting with the December 13, 2016 bill.

The Board, at its discretion, has the option of accepting, modifying or rejecting the Initial Decision of ALJ Scollo. Staff recommended that the Board adopt the Initial Decision.

DECISION: The Board adopted the recommendation of Staff as set forth above.

B. Docket Nos. BPU WC16020115U and OAL PUC 05168-16 – In the Matter of Theodore Ubanwa, Petitioner v. New Jersey American Water Company, Respondent – Billing Dispute.

BACKGROUND: This matter involved a billing dispute between Theodore Ubanwa (Petitioner) and New Jersey American Water Company (NJAW). The petition was transmitted to the Office of Administrative Law on April 1, 2016, for hearing as a contested case. Administrative Law Judge (ALJ) Kelly J. Kirk filed an Initial Decision in this matter with the Board on December 16, 2016, approving the Stipulation of Settlement (Stipulation) of the Parties.

Pursuant to the terms of the Stipulation, NJAW agreed that of the \$797.41 in dispute, the Petitioner shall pay \$200.00 in full and final settlement of this matter. NJAW and the Petitioner shall arrange a mutually agreeable time when they can meet to discuss possible causes of high water usage and ways to address high water usage. The Petitioner also agreed to make timely and complete payments of his water bills going forward.

The Board, at its discretion, has the option of accepting, modifying or rejecting the Initial Decision of ALJ Kirk. Staff recommended that the Board adopt the Initial Decision.

DECISION: The Board adopted the recommendation of Staff as set forth above.

C. Docket Nos. BPU EC16030212U and OAL PUC 07384-16 – In the Matter of Robert Bouhon, Petitioner v. Atlantic City Electric Company, Respondent – Request for Extension.

BACKGROUND: The Initial Decision of the Administrative Law Judge was received by the Board on December 22, 2016; therefore, the 45-day statutory period for review and the issuing of a Final Decision will expire on February 4, 2017. Prior to that date, the Board requested an additional 45-day extension of time for issuing the Final Decision in order to adequately review the record in this matter.

Good cause having been shown, pursuant to N.J.S.A. 52:14B-10(c) and N.J.A.C. 1:1-18.8, Staff recommended that the time limit for the Board to render a Final Decision be extended until March 21, 2017.

DECISION: The Board adopted the recommendation of Staff as set forth above.

VIII. CLEAN ENERGY

There were no items in this category.

IX. MISCELLANEOUS

A. Approval of the Minutes for the November 30, 2016 and December 12, 2016 Agenda Meetings.

Approval of the Executive Session Minutes of April 11, 2012 - Item 2I, September 13, 2012 - Item 2L, October 16, 2013 - Item LSA, November 22, 2013 - Item 2N, December 18, 2013 - Item 2M, September 30, 2014 – LSA Item.

BACKGROUND: Staff presented the minutes of the Regular Board Agenda meeting of November 30, 2016 and December 12, 2016, and the Executive Session minutes of April 11, 2012-Item 2I, September 13, 2012-Item 2L, October 16, 2013-Item LSA, November 22, 2013-Item 2N, December 18, 2013-Item 2M, September 30, 2014–LSA Item and recommended they be accepted.

DECISION: The Board adopted the recommendation of Staff as set forth above.

After appropriate motion, the consent agenda was approved.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

AGENDA

1. AUDITS

Alice A. Bator, Director, Division of Audits, presented these matters.

A. Docket No. WA16121156 – In the Matter of an Audit of the Affiliated Transactions between Aqua New Jersey Water Company and Aqua America and Affiliates and a Comprehensive Management Audit of Aqua New Jersey Water Company Pursuant to N.J.A.C. 14:3-12.1 – 14:3-12.4.

BACKGROUND AND DISCUSSION: This matter involved Staff requesting that the Board authorize the initiation of an audit of affiliated transactions between Aqua New Jersey Water Company (Aqua NJ or Company), its holding company, Aqua America and affiliates and a Comprehensive Management Audit of Aqua NJ. The Division of Audits, with assistance from the Division of Water and Office of the Economist, has prepared the Request for Proposal (RFP). Staff requested the Board approval to submit the RFP to the pool of seven management consulting firms previously approved by New Jersey Department of Treasury (Treasury) and the Board at its September 13, 2012 agenda meeting under contract term 2482 and subsequently extended for another year on August 24, 2016 by the Treasury and the Board.

Staff believes that the water and wastewater industry has experienced significant changes over the past few years. Specifically, Aqua America has gone through numerous acquisitions and developed new affiliates. It also expanded into the unregulated sector. There are also concerns in the industry with water leakage management, and the ongoing maintenance of water quality and infrastructure improvements. In light of these changes, and the fact that there have been no audits of Aqua NJ, ratepayers and the Company would benefit from a comprehensive management audit of Aqua NJ at this time.

As proposed, the audit would review all major and functional areas of Aqua's operations and the effect of the Company's association with Aqua America and affiliates. This audit would include an examination of Executive Management and Corporate Governance, Organizational Structure, Human Resources, Strategic Planning, Systems Operations, Customer Service, External Relations, Support Services, Finance, Cash Management, Accounting and Property Records, Affiliate Cost Allocation and Relationships and Company Contractor Performance.

Staff recommended the Board authorize Staff to send the RFP to the seven approved management consulting firms for their bid submissions.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

B. Docket No. EA17010004 – In the Matter of the Request for Proposal for a Financial Audit of the New Jersey Electric Distribution Companies' Basic Generation Administrative Expense and Other Related Expenses.

BACKGROUND AND DISCUSSION: This matter involved Staff requesting that the Board authorize initiation of a Financial Audit of the four New Jersey Electric Distribution Companies' (EDCs) Basic Generation Service (BGS) Administrative Expenses and Other Related costs. The Division of Audits, with the assistance from the Division of Energy, and Office of the Economist, has prepared a Request for Proposal (RFP). Staff requested the Board approval to submit the RFP to the pool of seven pre-qualified consulting firms engaged by the state under Waiver #AJ-050. The seven pre-qualified consultants have already been approved by the New Jersey Department of Treasury, Division of Purchase and Property and agreed to the waiver service contract standard terms and conditions.

These consultants include the following: Boston Pacific Company, Inc., CH2M Hill, Emergency Preparedness Partnerships, Levitan & Associates, Inc., OCI Resources, Inc. (Trade Name Overland Consulting), Silverpoint Consulting, LLC, and Liberty Consulting Group, Inc. Although Boston Pacific is on the list of pre-qualified consultants under the waiver, for reasons of conflicts, Staff is not soliciting their services under the RFP in this matter. Boston Pacific is one of the consultants hired by Staff to provide expert advice in the BGS.

Each year the Board conducts a descending-clock auction process to satisfy the supply needs of the EDCs, who are required to supply BGS to customers who have not chosen an alternate supplier, for the supply period beginning June 1st through May 31st of every year. Each year Atlantic City Electric Company, Jersey Central Power & Light Company, Public Service Electric and Gas Company and Rockland Electric Company, file their proposals for the auction, including any proposed modifications to the current auction process. Specifically on July 1st of each year, the EDCs file a joint proposal on BGS procurement and each EDC files a company specific addendum to the joint EDC proposal. For each previous BGS Auction, the Board has approved the accounting and cost recovery processes identified in the Company-specific addenda to the joint EDC proposals. These costs are generally recovered from each winning bidder through a tranche fee. The tranche fee is factored into the bidder's price and, in effect, is recovered from customers. The balance of the administrative costs, are passed onto ratepayers through the EDC BGS reconciliation charges and/or other recovery mechanisms.

The selected independent contractor will review all BGS administrative costs recovered from ratepayers and offer recommendations as to the appropriateness of costs and the proper recovery mechanism to recover such costs. The contractor shall also be tasked to make recommendations on the reasonableness of specialized costs incurred and how such cost should be appropriately allocated to the individual EDCs and to ratepayers.

Staff recommended that the Board authorize the issuance of the RFP and approve the commencement of the resulting financial audit of the New Jersey Electric Distribution Companies' Basic Generation Service Administrative Expense and Other Related Cost. Staff recommended that the Board authorize Staff to send the RFP to the seven approved consulting firms under waiver #AJ-050, for their bid submission.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

2. ENERGY

Thomas N. Walker, P.E., Director, Division of Energy, presented these matters.

A. Docket No. ER16010044 – In the Matter of the Verified Petition of Jersey Central Power & Light Company Constituting Its Annual Filing with Respect to the Storm Recovery Charge Rider of Its Filed Tariff (SRC Filing).

BACKGROUND AND DISCUSSION: On January 15, 2016, Jersey Central Power and Light Company (JCP&L or Company) filed a petition with the Board requesting review and approval of the amounts included in the Company's Storm Recovery Charge (SRC) deferred balance relating to the recovery of Board-approved 2012 Major Storm deferred operations and maintenance costs, to the extent accumulated from April 1, 2015 through March 31, 2016.

The Company projected that, at present rates, the unamortized SRC deferred balance (including interest) at March 31, 2016 would be \$207,954,012.00. This represented a projected under-recovery of \$2,118,161.00, after the application of carrying costs of \$3,419,061.00. According to JCP&L, the result of the data presented would support an increase in the revenues collected through the SRC by approximately \$990,864.00 annually. However, due to the comparatively small magnitude of such an increase, JCP&L proposed to leave the current SRC rate of \$0.002325 (inclusive of SUT) in effect for the period April 1, 2016 through March 31, 2017.

In an effort to improve JCP&L's Funds From Operations to Debt credit metric, as part of the discussions related to JCP&L's 2016 base rate case, the parties to that matter agreed to support the acceleration of the amortization and recovery of the deferred 2012 major storm expenses. On November 23, 2016, JCP&L filed an update by which JCP&L requested such acceleration of the amortization to achieve full recovery by December 31, 2019. By its Order dated December 12, 2016, the Board approved the acceleration. (November 2016 Update)

In the November 2016 Update, JCP&L also updated its deferred SRC balance to include actual data through October 31, 2016 (and forecasted data through January 31, 2017). As a result of the update, JCP&L proposed a new SRC rate of \$0.003084 per kWh (\$0.003300 per kWh including SUT).

JCP&L, Board Staff and the New Jersey Division of Rate Counsel (the Parties) executed a Stipulation of Settlement (Stipulation) that recommended approval of the Company's request.

Staff recommended that the Board issue an order accepting the Stipulation of the Parties. Staff further recommended that the Board order JCP&L to file revised tariff sheets conforming to the terms of the Stipulation prior to February 1, 2017.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

B. Docket No. ER16040275 – In the Matter of Rockland Electric Company’s Annual Societal Benefits Charge Filing (2016).

BACKGROUND AND DISCUSSION: On April 1, 2016, Rockland Electric Company (RECO or the Company) filed a petition with the Board constituting its annual Societal Benefits Charge (SBC) filing (2016 Filing). The purpose of the 2016 Filing was to reconcile costs and revenues related to RECO’s SBC from August 1, 2015 through July 31, 2016 as well as to recover projected spending during the projected period through July 31, 2017. Accordingly, the Company filed revisions to the Demand Side Management (DSM) and Clean Energy Program (CEP) components (SBC DSM/CEP Component Programs) of the SBC rate.

In the 2016 Filing, RECO proposed an increase in the rate for the SBC DSM/CEP Component Programs to 0.4010 cents per kilowatt hour (¢/kWh), including Sales and Use Tax (SUT), which reflected an increase over the previously existing rate of 0.3269 ¢/kWh, including SUT, for all classes of customers effective August 1, 2016.

Since the 2016 Filing, the Company has updated the DSM/CEP Component Programs of the SBC based on actual data through July 31, 2016. As a result of the update, the Company’s resultant proposed rate for the SBC DSM/CEP Component Programs is 0.4258 ¢/kWh, including SUT.

The rate includes an under-collection of \$786,396.00 for the period August 1, 2015 through July 31, 2016 and the projected DSM/CEP spending for the twelve-month period ending July 31, 2017. The Company’s recalculation did not propose any changes to the USF and Lifeline rate components of the SBC.

Following discovery, RECO, the New Jersey Division of Rate Counsel and Board Staff (the Parties) engaged in discussions in an attempt to resolve all the outstanding issues related to the Company’s 2016 Filing and subsequently executed a Stipulation of Settlement (Stipulation) on December 14, 2016. The Stipulation allows for RECO to implement a SBC rate of 0.7028 ¢/kWh, including SUT. The Stipulation also sets forth further conditions as more fully described in the executed Stipulation and draft order.

As a result of the Stipulation, a typical residential customer using 808 kWh will experience an increase in the current monthly average bill from \$117.28 to \$117.92, or \$0.64 or 0.55%.

Staff recommended that the Board adopt the Stipulation of the Parties.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

C. Docket No. ER16121153 – In the Matter of the Provision of Basic Generation Service and Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access Transmission Tariff – December 9, 2016.

BACKGROUND AND DISCUSSION: On December 9, 2016, Atlantic City Electric Company, Jersey Central Power & Light Company, Public Service Electric and Gas Company (PSE&G) and Rockland Electric Company (Rockland) (collectively, the EDCs) filed a joint petition with the Board requesting recovery of Federal Energy Regulatory Commission (FERC) approved changes in firm transmission service related charges.

The EDCs' proposed tariff changes reflect changes to the Basic Generation Service (BGS) Residential/Small Commercial Pricing (BGS-RSCP) and Commercial and Industrial Energy Pricing (BGS-CIEP) rates to customers resulting from changes to the PJM Open Access Transmission Tariff (OATT) made in response to (i) the annual formula rate update filing made by Potomac-Appalachian Transmission Highline, LLC (PATH) in FERC Docket No. ER-08-386-000, (ii) the annual formula rate update filing made by PSE&G in FERC Docket No. ER09-1257-000, and (iii) the annual formula rate update filing made by Virginia Electric Power Company (VEPCo) in FERC Docket No. ER08-92-000. The EDCs requested that the changes become effective on January 1, 2017.

The EDCs also requested authorization to compensate BGS suppliers for the changes to the OATT resulting from the implementation of the PATH, PSE&G, and VEPCo project annual formula updates subject to the terms and conditions of the applicable Supplier Master Agreement(s) (SMAs). Any difference between the payments to BGS Suppliers and charges to customers would flow through each EDC's BGS Reconciliation Charge.

No comments were received from Rate Counsel or any other party.

Staff recommended that the Board issue an order approving the proposed tariff changes and approving implementation of changes to the EDCs' retail transmission rates to be consistent with OATT tariff changes as filed with and approved by FERC, effective for service as of February 1, 2017. Staff further recommended approval of the EDCs' request that the affected BGS suppliers receive the appropriate compensation for the rate adjustment(s) subject to the terms and conditions of the appropriate BGS-RSCP and BGS-CIEP SMAs. Additionally, Staff recommended that the Board direct the EDCs

to file tariff sheets consistent with its Order prior to February 1, 2017.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

Cynthia Holland, Esq., Legal Specialist, Office of the Chief Counsel, presented these matters.

D. Docket No. ER17010003 – In the Matter of the Federal Energy Items for 2017 – FERC Docket No. ER17-217 – Jersey Central Power & Light Company Submitted Revisions to OATT re: Attachment H Formula Rate/Protocol.

BACKGROUND AND DISCUSSION: This matter involved Staff, on behalf of the Board, filing this Reply to the Answer of Jersey Central Power & Light (JCP&L) in its pending formula rate proceeding. In November 2016, the Board joined with the New Jersey Division of Rate Counsel (Rate Counsel), the U.S. Department of Defense/Federal Executive Agencies, and the Public Power Association of New Jersey to protest the formula rate filing of JCP&L. The Protest requested that Federal Energy Regulatory Commission (FERC) suspend the rates for the full 5-month period. Since filing the Reply, FERC issued JCP&L a Deficiency Letter, to which JCP&L has recently responded.

On October 28, 2016 JCP&L sought approval of a change in the revenue requirement used to establish the transmission rates charged for the JCP&L Zone under the PJM Interconnection, LLC (PJM) Open Access Transmission Tariff (PJM Tariff).

The Rate Counsel and other parties (the Indicated Intervenors) have identified many flaws in JCP&L's proposed formula rate, because JCP&L has not, in fact, complied with Commission precedent. JCP&L's failure to comply with Commission precedent has resulted in a proposed formula rate that is unjust and unreasonable and that, using JCP&L's projected 2017 year-end data, produces substantially excessive transmission charges. As a result, the Indicated Intervenors filed a Protest on November 18, 2016.

The Protest addresses the following flaws identified to date which have substantially increased the JCP&L-proposed rate:

- Excessive return on equity of 11% total, which inflates the 2017 proposed rate by about \$955.00/MW-Year;
- Recovery of out-of-period vegetation management costs, which inflates the 2017 proposed rate by about \$340.00/MW-Year;
- Recovery of out-of-period regulatory costs, which inflates the 2017 proposed rate by almost \$185.00/MW-Year; and
- Failure to use a labor allocator to functionalize General and Intangible Plant, section II.E, which inflates the 2017 proposed rate by over \$795.00/MW-Year.

Correcting each of the foregoing flaws would reduce the proposed 2017 rate by over \$2,200.00/MW-Year:

- Because JCP&L's proposed 2017 rate reflects an increase of \$8,120.10/MW-Year, Indicated Intervenors' analysis demonstrates that much more than 10% of the proposed increase is excessive.
- Therefore, the Indicated Intervenors requested that FERC suspend the proposed rate for the maximum five-month period.

Staff recommended that the Board ratify the filing of this Reply.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

E. Docket No. ER17010003 – In the Matter of the Federal Energy Items for 2017 – FERC Docket Nos. EL16-6, ER16-121 – PJM Interconnection, LLC, Tariff Filing and Revisions to the Operating Agreement to Address Certain Revenue Inadequacy Issues Related to the Allocation of Auction Revenue Rights and Financial Transmission Rights.

BACKGROUND AND DISCUSSION: On October 19, 2015, PJM made a filing with the Federal Energy Regulatory Commission (FERC) seeking to make limited modifications in two rules affecting its Financial Transmission Rights (FTRs) market. PJM reports that the FTR market is no longer experiencing underfunding as the result of several changes, beginning in June 2014, including: (i) a reduction in the number of Auction Revenue Rights (ARRs) and FTRs issued to market participants and (ii) an improvement in the accuracy of modeling transmission outages in the FTR Model and in the Day-Ahead Market.

PJM proposed additional modifications to the FTR market, designed to further reduce the possibility of future underfunding, namely: (i) eliminate portfolio netting, the netting of net negatively valued FTRs against positively valued FTRs and (ii) employ an added 1.5% growth rate to the 10-year simultaneous feasibility analysis used to determine ARR feasibility, which may accelerate transmission planning upgrades recommended to PJM's Regional Transmission Expansion Plan.

The Board has been actively engaged in this proceeding for over a year with presentations to the Board on prior agendas. The Board, along with other state commissions, sought rehearing of a September Order issued by FERC. PJM did not seek rehearing and, as required by the September Order, filed a Compliance Filing with FERC consistent with its view of the September Order. Staff, acting on behalf of the Board, protested the PJM compliance filing on the same basis as its rehearing request. FERC has taken no action on either the rehearing or the compliance filing to date. Staff sought ratification of its protest to the compliance filing.

Staff recommended that the Board ratify Staff's Protest.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

F. Docket No. ER17010003 – In the Matter of the Federal Energy Items for 2017 – Non-Docketed Joint Commissions' Correspondence re: FERC Settlement Negotiation Procedures.

BACKGROUND AND DISCUSSION: On August 30, 2016, the Federal Energy Regulatory Commission (FERC) Chief Administrative Law Judge (ALJ) issued a "Notice to the Public" (Notice) with respect to settlement negotiations in matters pending before ALJ. The Notice specified that at settlement conferences convened in-person, participants are required to have present representatives that have "full settlement authority" to negotiate and accept or approve settlement terms, or have immediate access to such persons.

The Notice further specified that if special circumstances prevent a participant from complying with this procedure, a request must be made directly to the individual settlement judge assigned to each case. This Notice creates a substantial burden for State Commissions, which routinely send Staff to negotiate on their behalf.

Staff, on behalf of the Board, joined with several additional state commissions in filing this response to an Order of the Chief Administrative Law Judge regarding settlement negotiations at FERC. Specifically, the Chief ALJ ordered that all parties in settlement have complete authority.

Staff recommended that the Board ratify the filing of this Reply.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

G. Docket No. GR16090826 – In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Approval of Increased Base Tariff Rates and Charges for Gas Service and Other Tariff Revisions.

Thomas N. Walker, P.E., Director, Division of Energy, presented this matter.

BACKGROUND AND DISCUSSION: On September 1, 2016, Pivotal Utility Holdings, Inc. d/b/a/ Elizabethtown Gas (ETG or Company) filed a petition with the Board for the authority to: (1) increase base delivery rates for gas service designed to produce an increase in revenues of approximately \$19 million or 6.6%; (2) modify its depreciation rates; (3) to roll in and recover certain costs and finalize certain rates associated with the Accelerated Infrastructure Replacement Program; (4) establish certain regulatory assets; (5) establish a new Societal Benefits Charge component rate, the Customer Benefit Charge of \$0.0097 per therm; and (6) implement other tariff revisions.

ETG stated that the increase is necessary to permit the Company to meet the cost of operating facilities used and useful in the service of the public while earning a just and reasonable return on the investment in such facilities and maintain its financial integrity. ETG also stated that the additional revenue is needed to compensate investors for risks assumed by the Company, continue to provide safe and adequate service to the public, as well as maintain its facilities in a condition sufficient to enable ETG to discharge its public duty.

The Company sought to implement its proposed rates to become effective for service rendered on or after October 1, 2016, but in no event later than June 1, 2017.

Staff recommended that the Board issue an order further suspending the proposed rate increase until June 1, 2017, pending further action on this matter.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

H. Docket No. EF02030185 – In the Matter of the Verified Petition of Jersey Central Power & Light Company for Authorization Pursuant to N.J.S.A. 48:3-7.2 for Approval to Participate in the FirstEnergy Corp. Intra System Money Pool Amendment No. 8 to the Petition.

Mark C. Beyer, Chief Economist, presented this matter.

BACKGROUND AND DISCUSSION: On November 21, 2016, Jersey Central Power & Light (JCP&L) filed a petition with the Board seeking (1) an eighth extension of the time within which JCP&L may participate in the FirstEnergy Intersystem Utility Money Pool through December 31, 2019, and (2) to modify its authorization of its limitation on its Money Pool borrowings to an aggregate principal amount not to exceed \$500 million outstanding at any one time.

By Orders of the Board dated July 24, 2002, April 11, 2003, April 20, 2005, December 21, 2007, December 17, 2009, September 22, 2011, March 18, 2011 and March 20, 2013 (collectively, Money Pool Orders), the Board authorized the Company, from time to time through December 31, 2016 and subject to certain conditions specified in the Money Pool Orders, to participate in the Money Pool maintained for the benefit of various public utility subsidiaries of FirstEnergy Corp. including JCP&L. The Money Pool is made up of various FirstEnergy public utility subsidiaries investing available cash in the Money Pool, which may then be loaned by the Money Pool to other participating FirstEnergy utility subsidiaries to meet their short-term operating needs.

The Office of the Economist, after review of the information submitted in this proceeding, found that the action requested is in accordance with the law and in the public interest and therefore recommended approval of JCP&L's petition.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

I. Docket No. EW15070839 – In the Matter of the Petition of Public Service Electric and Gas Company for a Waiver Order Authorizing the Continuation of the Provision of Service to the Passaic Valley Sewerage Commission Under the High Tension Service – High Voltage Tariff Schedule.

Thomas N. Walker, P.E., Director, Division of Energy, presented this matter.

BACKGROUND AND DISCUSSION: On July 22, 2015, Public Service Electric and Gas Company (PSE&G or Company) filed a petition with the Board, requesting a waiver authorizing the Company to continue to provide service to the Passaic Valley Sewerage Commission (PVSC) under the existing service classification despite a change in the PSE&G facilities used to serve the PVSC. Specifically, the petition sought approval from the Board to permit PSE&G to charge PVSC rates for service under the High Tension Service–High Voltage Tariff (HTS-HV), although the service provided to PSVC will be delivered by facilities that would normally provide services delivered under the High Tension Service–Sub transmission tariff (HTS-S).

According to the Company, PVSC receives electric service pursuant to PSE&G's HTS-HV tariff and rate schedule by existing 138 kilovolt (kV) circuits. PSE&G has been directed by PJM Interconnection, LLC (PJM), as part of PJM's Regional Transmission Expansion Planning process, to make reliability-related transmission upgrades to the PSE&G transmission system.

As a result, PSE&G is in the process of installing a new 345 kV double circuit project that will replace most of the existing 138 kV system in the portion of the Company's system that serves PVSC. Electric service to PVSC will instead be provided by 69 kV transmission facilities that will be constructed to replace the current 138 kV transmission

facilities. PSE&G asserted that a waiver of the requirement that PVSC be subject to the HTS-S tariff is beneficial because it is significantly more cost effective for the Company to serve PVSC by a 69 kV circuit configuration rather than modifying facilities that would permit the Company to serve it via a 138 kV circuit configuration. Accordingly, the Company claimed that the waiver would prevent PVSC from being subject to a rate increase due to a change in service classification through no fault of their own.

Following discovery, PSE&G, PVSC, Board Staff and the New Jersey Division of Rate Counsel (collectively, the Parties) met to discuss the issues in this matter. As a result, the Parties executed a Stipulation of Settlement (Stipulation).

Staff recommended that the Board issue an order approving the Stipulation of the Parties. Additionally, Staff recommended that the Board direct PSE&G to file tariff sheets consistent with its Order within five business days.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

3. CABLE TELEVISION

There were no items in this category.

4. TELECOMMUNICATIONS

A. Docket No. TO13121166 – In the Matter of the Petition of Neustar, Inc., on Behalf of the New Jersey Telecommunications Industry, for Approval of NPA Relief Plan for the 609 NPA and Elimination of Protected Codes In the 856 NPA.

Lawanda R. Gilbert, Esq., Director, Office of Cable Television & the Office of Telecommunications, presented this matter.

BACKGROUND AND DISCUSSION: There are currently nine Area Codes within the State of New Jersey: 862, 973, 201, 551, 908, 732, 848, 856 and 609. Of the nine, three (908, 856 and 609) each occupy a single geographic area, whereas six (862/973, 201/551 and 732/848) are in three overlay areas composed of two Area Codes each. Where there is only one Numbering Plan Area (NPA) in a geographic area, traditional 7-digit dialing is possible within the NPA. In areas with more than one NPA, a caller must dial 10 digits within the NPA for local calls and 1+10-digits between NPAs and for toll calls.

Each Area Code or NPA is composed of Central Office Codes, also known as exchanges prefixes, or simply NXXs and a 4 digit Subscriber Line Identifier. In the current numbering convention the hypothetical number (555) 222-3333 is composed of the 555 Area Code, 222 NXX and 3333 Subscriber Line Identifier.

On December 10, 2013, NeuStar, the North American Numbering Plan Administrator filed a petition with the Board requesting approval of the Industry's consensus decision reached on October 29, 2013 to recommend the implementation of an all-services distributed overlay in order to provide area code relief for the 609 NPA, or Area Code as it is more commonly referred to and the elimination of protected codes in the 856 and 609 NPAs.

Staff recommended that the Board approve a schedule to allow public comment and a public hearing on the Industry's recommendation to implement an all-services distributed overlay in the 609 Area Code and elimination of protected codes in the 856 and 609 Area Codes.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

5. WATER

Maria L. Moran, Director, presented these matters.

A. Docket No. WO16080806 – In the Matter of the Verified Petition of SUEZ Water New Jersey, Inc., SUEZ Water Toms River, Inc., SUEZ Water Arlington Hills Inc., SUEZ Water West Milford, Inc., SUEZ Water Matchaponix, Inc. and SUEZ Water Princeton Meadows, Inc. for Approval of a Management and Services Agreement Pursuant to N.J.S.A. 48:3-7.1.

BACKGROUND AND DISCUSSION: On August 19, 2016, SUEZ Water New Jersey Inc., SUEZ Water Toms River Inc., SUEZ Water Arlington Hills, SUEZ Water West Milford. Inc., SUEZ Water Matchaponix Inc., and SUEZ Water Princeton Meadows Inc., (collectively, the Petitioners) filed a petition with the Board seeking approval of a Management and Services Agreement between each of the Petitioners and SUEZ Water Management & Services Inc.

Each of the Petitioners is a subsidiary of SUEZ Water Inc. which in turn is a wholly owned subsidiary of SUEZ North America, Inc. SUEZ is a water utility holding company with operating utility subsidiaries throughout the United States. SUEZ Water Management & Services Inc. is a shared services company that provides certain services to various subsidiaries including the Petitioners.

The proposed management agreement is a standardized agreement into which SUEZ Water & Management Services Inc. sought to enter with all of the operating utility subsidiaries throughout the United States. The Petitioners stated that the centralization of certain shared services will allow each subsidiary operating utility to enjoy economies of scale and realize cost savings over the cost of providing the same services at each operating utility.

New Jersey Division of Rate Counsel (Rate Counsel) submitted comments stating that it did not object to the Board's approval of Petitioners' request to allow the Petitioners to enter into the Management Services Agreement. However, Rate Counsel further stated that the Board approval should not include authorization to include expenses or capital items associated with the Management and Services Agreement as such issues are properly reserved for base rate proceedings.

Staff recommended that the Board approve the Petitioner's request.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

B. Docket Nos. BPU WR16050390 and OAL PUC 7416-16 – In the Matter of the Petition of Mount Olive Villages Water Company, Inc. for Approval of an Increase in Rates for Service.

BACKGROUND AND DISCUSSION: On May 4, 2016, Mount Olive Villages Water Company, Inc. (Company) filed a petition with the Board seeking to increase and revise its water rates in the amount of \$158,650.00 or 112.3%. The Company serves approximately 301 customers in the Mount Olive Township filed for a rate increase since its inception in 1986.

The increase in water rates was proposed to become effective for service rendered on and after June 5, 2016. On May 18, 2016, the company filed a letter with the Board stating that it will not implement rates on an interim basis prior to the effective date of the Board's suspension Order resulting from the June 29, 2016 Agenda meeting. On September 23, 2016, the Board further suspended the proposed water rates until February 5, 2017.

The matter was transmitted to the Office of Administrative Law and Administrative Law Judge or (ALJ) Diana C. Sukovich was assigned to hear the matter.

A Public hearing was held on September 26, 2016, at the Mount Olive Municipal building in Budd Lake and ALJ Gail M. Cookson presided at the hearing. No members of the Public appeared to provide comments for the record. The Township clerk provided comments which focused on the economic and financial hardship on the average Mount Olive resident.

The Company, Board Staff and the New Jersey Division of Rate Counsel (collectively, the Parties) held a number of settlement meetings and reached an agreement which was memorialized in a Stipulation. The Stipulation fully resolved all issues that arose during the course of this proceeding. The Stipulation utilizes an overall rate of return of 5.46% which includes a return on common equity of 9.75% and a rate base of \$59,520.00 resulting in an additional revenue requirement of \$109,756.00 or 70.96%

Due to the magnitude of the proposed rate increase, the Parties agreed that the rate increase will be phased-in equally in two separate phases. Phase 1 of the proposed rate increase will become effective on the effective date of the fully executed Board Order for this matter. Phase 2 of the proposed rate increase will become effective one year after the effective date of the Phase 1 increase.

Staff recommended that the Board approve the Initial Decision which adopts the Stipulation of the Parities.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

C. Dockets Nos. BPU WR16050391 and OAL PUC 7413-16 – In the Matter of the Petition of Mount Olive Villages Sewer Company, Inc. for Approval of an Increase in Rates for Service.

BACKGROUND AND DISCUSSION: On May 4, 2016, Mount Olive Villages Sewer Company, Inc. (Company) filed a petition with the Board seeking to increase and revise its sewer rates in the amount of \$817,110.00 or 295.53%. The Company has not filed for a rate increase since its inception in 1986.

The increase in sewer rates was proposed to become effective for service rendered on and after June 5, 2016. On May 18, 2016, the Company filed a letter with the Board stating that it will not implement rates on an interim basis prior to the effective date of the Board's suspension Order resulting from the June 29, 2016 Agenda meeting. On September 23, 2016, the Board further suspended the sewer rates until February 5, 2017.

The matter was transmitted to the Office of Administrative Law and Administrative Law Judge (ALJ) Diana C. Sukovich was assigned to hear the matter.

A Public hearing was held on September 26, 2016 at the Mount Olive Municipal building in Budd Lake and ALJ Gail M. Cookson presided at the hearing. No members of the public appeared to provide comments for the record. The Township Clerk provided comments which mainly focused on the economic and financial hardship on the average Mount Olive resident.

The parties held a number of settlement meeting's and reached an agreement which was memorialized in a Stipulation that was entered into by representatives of the company, New Jersey Division of Rate Counsel and Board Staff (collectively, the Parties). The Stipulation fully resolved all issues that arose during the course of this proceeding. The Stipulation utilizes an overall rate of return of 5.46% which includes a return on common equity of 9.75% and a rate base of \$20,179.00 results in additional revenue requirement of \$379,352.00 or 138.91%.

Due to the magnitude of the proposed rate increase, the Parties agreed that the rate increase will be phased-in equally in two separate phases. Phase 1 of the proposed rate increase will become effective on the effective date of the fully executed Board Order for this matter. Phase 2 of the proposed rate increase will become effective one year after the effective date of the Phase 1 increase.

Staff recommended that the Board adopt the Initial Decision of ALJ Sukovich adopts the Stipulation of the Parties.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

D. Docket No. WM16101036 – In the Matter of the Joint Petition of American Water Works Company, Inc., New Jersey-American Water Company, Inc. and Shorelands Water Company, Inc. for: (1) American Water Works Company, Inc. to Acquire Control of Shorelands Water Company, Inc.; (2) for Shorelands Water Company, Inc. to Transfer Upon Its Books all of Its Capitol Stock to American Water Works Company, Inc.; (3) Shortly Thereafter for Shorelands Water Company, Inc. to be Merged into New Jersey-American Water Company, Inc.; and (4) for Such Other Approvals as may be Necessary to Complete the Proposed Transaction – Motion to Intervene.

Jim Kane, Legal Specialist, Office of Chief Counsel, presented this matter.

BACKGROUND AND DISCUSSION: On December 9, 2016 Middlesex Water Company (Middlesex) filed a Notice of Motion to Intervene in the above captioned merger case.

Middlesex procures water under contract with New Jersey American Water Company, Inc. (NJAWC) through the Elizabethtown System of NJAWC. Middlesex is charged for water purchased under the Board approved NJAW tariffs. Under the contract currently in effect, Middlesex purchases a minimum of 3 million gallons of water per day from NJAWC at an annual cost of over \$3.0 million dollars.

Middlesex stated that an approval could impact how costs associated with the acquisition are to be recovered from NJAWC customers, of which Middlesex is one.

This matter will not address how costs will be recovered from NJAWC customers, but simply sought the Board approval for the merger.

The Board will neither adjust any rate classification nor determine rates generally in this petition. Thus, Middlesex's full participation will not add measurably to the scope of this proceeding. Middlesex's ratemaking concerns over the purchase of Shorelands will be addressed in NJAWC's next base rate case, and it is anticipated that Middlesex will request and receive intervenor status.

Given that Middlesex's full participation will not add measurably to the proceeding, Board Staff recommended that the Board deny the motion to intervene, but grant participant status.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

Mark C. Beyer, Chief Economist, presented these matters.

E. Docket No. WF16111106 – In the Matter of the Application of Middlesex Water Company for Authority to Borrow Up to \$10.0 Million and to Issue Evidences of Indebtedness Pursuant to the Environmental Infrastructure Trust Financing Program.

BACKGROUND AND DISCUSSION: Middlesex Water Company (Company or Petitioner) filed a petition filed with the Board on November 21, 2016, requesting authority to:

- a) Borrow up to \$10.0 million (Loans) from the New Jersey Environmental Infrastructure Trust (Trust) and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection (State) and make, execute and deliver to the Trust and the State documents required in connection therewith;
- b) Make, execute and deliver, if necessary, one or more Supplemental Indentures of Mortgage to US Bank National Association, as Trustee, for the purpose among other things, of describing the terms of Petitioner's First Mortgage Bonds (hereinafter called the Company's Bonds), or to make such guarantee or guarantees as are required by State and the Trust to secure the Loans; and
- c) Issue and deliver, if necessary, to the Trust and the State up to \$10.0 million principal amount of the Company's Bonds, with a final maturity twenty years from the issuance date of the Company's Bonds. Petitioner's Bonds will bear interest at approximately one-quarter of the interest rate of the Trust's Bonds which are intended to be sold by competitive bidding.

The Trust Bonds will be sold through one or more underwriters with a fixed rate of interest, under circumstances where competitive conditions will be maintained throughout.

The proceeds of the Loans will be used by the Company to finance a project for replacing its cast-iron transmission and distribution mains under the Company's RENEW program, its lining and replacement initiative. The RENEW program is an annual program and the proceeds of the Loans will be used for the project work for the RENEW 2017 program.

The Office of the Economist, after review of the information submitted in this proceeding, found that the action requested is in accordance with the law and in the public interest and therefore recommended approval of the Petitioner's request.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

F. Docket No. WF16111107 – In the Matter of the Application of Middlesex Water Company for Authority to Borrow Up to \$37.0 Million and to Issue Evidences of Indebtedness Pursuant to the Environmental Infrastructure Trust Financing.

BACKGROUND AND DISCUSSION: Middlesex Water Company (Company) filed a petition with the Board on November 22, 2016 requesting authority to:

- a) Borrow up to \$37.0 million (Loans) from the New Jersey Environmental Infrastructure Trust (Trust) and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection (State) and make, execute and deliver to the Trust and the State documents required in connection therewith;
- b) Make, execute and deliver, if necessary, one or more Supplemental Indentures of Mortgage to US Bank National Association, as Trustee, for the purpose among other things, of describing the terms of Petitioner's First Mortgage Bonds (hereinafter called Company's Bonds), or to make such guarantee or guarantees as are required by State and the Trust to secure the Loans; and
- c) Issue and deliver, if necessary, to the Trust and the State up to \$37.0 million principal amount of the Company's Bonds, with a final maturity twenty years from the issuance date of the Company's Bonds. Petitioner's Bonds will bear interest at approximately one-quarter of the interest rate of the Trust's Bonds which are intended to be sold by competitive bidding.

The Trust Bonds will be sold through one or more underwriters with a fixed rate of interest, under circumstances where competitive conditions will be maintained throughout.

The proceeds of the Loans will be used by the Company to finance the Western Transmission Main, a 48-inch diameter redundant pipeline that will run for approximately 4.6 miles from the Company's Carl J. Olsen water treatment plant in the Township of Edison to an interconnection with a 30-inch peripheral transmission main located in the Borough of Metuchen. The Western Transmission Main will serve as a redundant delivery system of water supply for the Company's retail service area in northwest Middlesex County when the single, 4.3-mile long transmission main currently serving this area needs to be taken out of service for any reason. The proceeds of the Loans will be

used for project work for the calendar years 2017 and 2018.

The Office of the Economist, after review of the information submitted in this proceeding, found that the action requested is in accordance with the law and in the public interest and therefore recommended approval of the petition.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

6. RELIABILITY & SECURITY

There were no items in this category.

7. CUSTOMER ASSISTANCE

There were no items in this category.

8. CLEAN ENERGY

Marisa Slaten, Assistant Director, Division of Economic Development and Energy Policy, presented these matters.

A. In the Matter of the Clean Energy Program Authorization of Commercial and Industrial Program Energy Efficiency Incentives Exceeding \$500,000.00:

- Docket No. QG16121157 – County of Ocean**
- Docket No. QG16121158 – Acutecare Management Services, LLC.**

BACKGROUND AND DISCUSSION: The Board administers the New Jersey Clean Energy Program Combined Heat & Power/Fuel Cell (CHP/FC) Program, open to all Commercial and Industrial customers paying into the Societal Benefits Charge who install CHP or FC systems to enhance energy efficiency through on-site power generation with recovery and productive use of waste heat, reducing existing and new demands to the electric grid. County of Ocean submitted an application for a CHP project at Ocean County Justice Complex, 120 Hooper Avenue. Acutecare Management submitted an application for a CHP project at 1075 Stephenson Ave. in Oceanport, Monmouth County.

The County of Ocean 2017 CHP/FC project's proposed 600 kW CHP system, will have the following estimated savings (through production and heat recovery):

- annual estimated electric production of 4,777,872 kWh;
- annual estimated waste heat recovery of 13,259 MMBTUs of natural gas; and
- an estimated average annual energy cost savings of \$383,150.00.

The CHP/FC rebate is for a total of \$1,100,100.00, an estimated project cost of \$4,155,081.00 with a 10.84 year payback without incentives, reduced to 7.97 years with incentive.

The Acutecare Management 2017 CHP/FC project's proposed 345 kW CHP system will have the following estimated savings (through production and heat recovery):

- annual estimated electric production of 2,566,452 kWh;
- annual estimated waste heat recovery of 21,027 MMBTUs of natural gas; and
- an estimated average annual energy cost savings of \$704,565.00.

The CHP/FC rebate is for a total of \$690,000.00, an estimated project cost of \$2,269,270.00 with a 3.22 year payback without incentives, reduced to 2.24 years with incentive.

Based on the certifications of Applied Energy Group and ICF International, the Program Coordinator and Program Manager, Staff determined that these applications meet the eligibility criteria for the CHP/Fuel Cells Program and recommended that the Board approve the applications.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

B. In the Matter of the Clean Energy Program Authorization of Commercial and Industrial Program Energy Efficiency Incentives Exceeding \$500,000.00:

Docket No. QG16121150 – Alfred Sanzari Enterprises, Inc.

BACKGROUND AND DISCUSSION: The Board administers New Jersey Clean Energy Program's Pay for Performance (P4P) Existing Buildings Program which takes a comprehensive, whole building approach to energy efficiency in existing Commercial and Industrial buildings. Similar to performance contracting programs offered in other states, this Program links incentives directly to energy savings and includes measurement and verification to ensure estimated savings levels are achieved. Eligible applicants may receive rebates for a portion of the cost for installing energy efficient technologies, such as lighting, Heating Ventilation and Air Conditioning (HVAC) and water heating at their locations.

Alfred Sanzari Enterprises, Inc. submitted an application to the P4P Existing Buildings Program for an incentive of \$575,769.86 for a project located at the Marriott Teaneck at Glenpointe, 100 Frank W. Burr Boulevard, in Teaneck, NJ, which is a hotel consisting of 322,500 square feet that spans 350 guest rooms, space for conferences or other multipurpose use, as well as a restaurant, lounge, and bar.

This project will have an estimated 30.8% total energy savings, and will have the following annual estimated electric, natural gas, and cost savings:

- annual estimated electric savings of 2,325,738 kWh,
- annual estimated peak electric demand reduction of 167.4 kW,
- annual estimated natural gas savings of 12,743 therms, and
- annual estimated energy cost savings of \$260,759.00;

The P4P rebate is for a total of \$575,769.86, of which:

- An estimated \$32,250.00 is for the proposed Energy Reduction Plan;
- An estimated \$271,759.93 is for the replacements of a chiller, boiler, pump, domestic hot water heater, and lighting; air conditioning equipment and system upgrades; installation of HVAC controls; installation of occupancy-based thermostats; and kitchen demand control ventilation upgrades; and
- An estimated \$271,759.93 is for submittal of post-construction benchmarking report.

The project has an estimated project cost of \$2,619,842.00. and estimated 7.84 year simple payback after factoring in the incentive.

Staff determined that this application meets the eligibility criteria for the P4P Existing Buildings Program and recommended that the Board approve this project.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

C. Docket No. QO16040353 – In the Matter of the Clean Energy Programs and Budget for Fiscal Year 2017 – Contractor Remediation Procedures.

BACKGROUND AND DISCUSSION: In October 2010, the Board approved Contractor Remediation Procedures (CRP) designed to provide the Market Managers of New Jersey’s Clean Energy Program (NJCEP) with additional authority to take action against contractors that violated program procedures. Based upon experience implementing the 2010 Procedures and in light of recent matters that resulted in Level 4 suspensions by the Board, the Contractor Remediation Procedures (CRP) was revised to provide greater clarity to the contractor community:

- Explicit inclusion of solar installers as contractors subject to CRP;
- Clearer definition of each Level of remedial action, such as Coaching, Probation, Suspension, and Debarment;
- Defined timelines with respect to periods of remedial actions, i.e. coaching for 30-60 days, probation for 60-90 days, suspension from 90-180 days, or debarment for a minimum of 2 years;
- Provision for contractors subject to Level 3 or Level 4 remedial action the

- opportunity to request a stay in the procedure prior to suspension; and
- Provisions for noticing of customers and the public when a contractor is suspended or debarred.

Since 2010, New Jersey's residential solar market has experienced a profound change in the predominant ownership model employed. In the fall of 2015, the number of complaints from residential ratepayers participating in arrangements to purchase solar electricity from Third Party Owners (TPOs) began to warrant increased attention from Staff. Solar lease and power purchase agreements have surged in popularity in New Jersey's SREC Registration Program (SRP) but this class of NJCEP market participants were not covered in the 2010 version of the CRP, which has since be revised.

- Prior to 2010, residential ratepayers typically contracted with a third party contractor to install a solar facility that the resident would own. Solar installation contractors are clearly covered in the 2010 CRP.
- Through October 2016, more than 43,000 residential ratepayers (86% of all residential solar since 2010) have entered into lease or power purchase agreements with TPOs (not clearly a class of parties covered by the 2010 CRP).
- The October 2016 SRP pipeline of solar installations pending construction completion show that an additional 12,700 residential ratepayers have contracted with TPOs (82% of the residential solar pipeline).

Staff worked with the Market Managers, NJCEP Program Administrator and Division of Law to develop new procedures in cases involving solar contractors, Commercial and Industrial Direct Install contractors, and Home Performance contractors. Staff recommended approval of the revised Contractor Remediation Procedures.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

D. Docket No. GR15010090 – In the Matter of the Petition of South Jersey Gas Company for Approval to Continue Its Energy Efficiency Programs and Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1.

BACKGROUND AND DISCUSSION: On November 4, 2016, South Jersey Gas Company (SJG) filed a petition with the Board requesting approval of an extension to the Company's five existing energy-efficiency programs: 1) Enhance Residential Heating, Ventilation and Air conditioning Rebate; 2) Residential Home Performance Finance; 3) Combined Heat and Power; 4) Commercial Customer Direct Install Financing and 5) Non-Residential Energy Efficiency Investment and associated cost recovery mechanisms.

In its petition, SJG sought an extension of the current programs through December 31, 2018. No other modifications to the programs were requested. This request was made due to the desire of SJG to align its Programs with the Strategic Plan of the New

Jersey's Clean Energy Program, which is currently being developed by the Board's Office of Clean Energy. The Strategic Plan is anticipated to be completed and approved by mid-2017.

Staff recommended that the Board issue an Order adopting the Stipulation executed by the Signatory Parties, which included SJG, New Jersey Division of Rate Counsel and Board Staff. Staff also recommended that the Company's rates remain subject to audit by the Board and that the Decision and Order not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

E. Docket No. QO16040382 – In the Matter of the Application of NJ LAND, LLC Seeking a Declaratory Judgment Pursuant to N.J.S.A. 52:14B-1 et seq., or a Waiver Pursuant to the Waiver Rule, N.J.A.C. 14:1-1.2(B).

BACKGROUND AND DISCUSSION: President Mroz recused himself from this matter. NJ LAND, LLC (NJ Land, Petitioner), a solar developer, filed a petition with the Board for a declaratory ruling concerning the Board's rules pertaining to net metering. Specifically, the Petitioner sought a declaratory ruling that the two solar installations that it proposes to build for the Joint Naval Air Base, Phase I and Phase II, will be "on-site" for purposes of N.J.S.A. 48:3-51 and N.J.A.C. 14:8-4.1; or, in the alternative, a waiver of the statute and the rule.

As the Petitioner provided little information on Phase II, Staff believed that the Order should be limited to Phase I only.

Concerning Phase I, Staff determined that the Board has no authority to waive a statute, but based on the unique nature of the Joint Base as a United States military installation, Staff believed that the entire Joint Base constitutes one property and that therefore the property on which the proposed solar installation will be located is "contiguous" within the meaning of the statute. With respect to the Board's rules, which specifically reference official tax maps as the gauge of contiguity, Staff recommended that the Board make no direct finding on this as the Joint Base is a unique property which may not necessarily be referenced by tax block and lots. However, Staff held that the way in which the proposed project will support the rules' purpose of supporting renewable energy, as well as the Energy Master Plan's goal of promoting in-state renewable generation and the State policy of supporting the Joint Base, merit a waiver of the rule.

With respect to Phase II, the Petitioner is waiting for the Joint Base to issue a Request For Proposals and therefore cannot yet provide the exact size of the proposed facility or exact location of the end user within the Joint Base.

Staff recommended that the Board approve a waiver to its rules for Phase I and that the Board deny Phase II without prejudice.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Recused
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

9. MISCELLANEOUS

A. Docket No. QO16100967 – In the Matter of the New Jersey Board of Public Utilities Microgrid Report Town Center DER Microgrid Feasibility Study Incentive Program – Final Application – Request for Applications.

Michael Winka, Senior Policy Advisor, presented this matter.

BACKGROUND AND DISCUSSION: In its FY17 Budget Order, as part of the Office of Clean Energy Distributed Energy Resources Program, the Board approved the creation of the Program. The program’s overarching goal is to “improve energy infrastructure resiliency & emergency preparedness and response.” Consequently, the Board approved \$1M for the Program budget. The Program will provide incentives for local agencies to study the feasibility of Town Center Distributed Energy Microgrids (TCDER Microgrid). Applicants would be limited to state and local government entities or state agencies which own or manage critical facilities. The program would be open to Town Centers identified in the report prepared by New Jersey Institute of Technology titled, *New Jersey Town Centers Distributed Energy Resource Microgrids Potential (2014)* and Town Centers which have similar characteristics to those identified therein.

There is an incentive cap of \$200,000.00 per feasibility study. Consultants/Developers can submit with multiple applicants but are capped at a maximum of \$300,000.00 per consultant/developer for the first phase. While there is a \$200,000.00 cap, we anticipate, based on programs in other states, that the per-study cost will be less than \$200,000.00 We anticipate 5 to 12 applications to be funded. Staff has received interest expressed by 12 local government entities to date. This is the first phase of the Program, and any approval in this “Phase 1” does not guarantee any future funding.

The Final Application and Request for Applications will allow state and local government entities to apply to participate in the Program. The draft application was issued on August 5, 2016. Comments were due on August 30, 2016 and a public meeting to discuss the draft was held by staff on August 23, 2016.

Applicants will have sixty days from the date on which Board Staff posts this application on the appropriate NJBPU webpage to submit a proposed feasibility study based on criteria identified in the application. Most importantly, applicants are required to submit a detailed cost benefit analysis to illustrate whether the benefits of participating in the Program outweigh the significant costs associated with investing in a TCDER Microgrid.

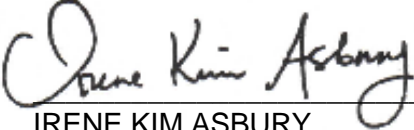
The applicant must include a letter of support from both the electric and gas distribution utility that serve the proposed applicant's territory. Board Staff will develop a Memorandum of Understanding that the applicants must enter into with the Board before participating in the Program. Board staff will present recommendations on the best candidates to participate in the Program for Board's review and final decision. Applications will be considered on a first come first serve basis if there are any remaining funds in the budget after the expiration of the 60-day period.

Staff recommended that the Board approve the application and directs Staff to publish the responses to public comment.

DECISION: After discussion, the Board adopted the recommendation of Staff as set forth above.

Roll Call Vote:	President Mroz	Aye
	Commissioner Fiordaliso	Aye
	Commissioner Holden	Aye
	Commissioner Solomon	Aye
	Commissioner Chivukula	Aye

There being no further business before the Board, the meeting was adjourned.



IRENE KIM ASBURY
BOARD SECRETARY

DATE: March 24, 2017