



Agenda Date: 2/22/17
Agenda Item: 7C

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

CUSTOMER ASSISTANCE

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY)
PURSUANT TO N.J.A.C. 14:3-5.1(C) FOR APPROVAL)
OF THE RELOCATION OF ITS PERTH AMBOY)
CUSTOMER SERVICE CENTER FROM 313 MADISON)
AVENUE TO 271 KING STREET, PERTH AMBOY,)
NEW JERSEY)
ORDER OF APPROVAL
BPU DOCKET NO. EO16100982

Parties of Record:

Samuel A. Wolfe, Esq., PSEG Services Corporation, on behalf of Petitioner, Public Service Electric and Gas Company
Stefanie A. Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD:

On October 19, 2016, Public Service Electric and Gas Company, ("PSE&G", "Company" or "Petitioner") filed a petition with supporting affidavit with the New Jersey Board of Public Utilities ("Board") pursuant to N.J.A.C. 14:3-5.1 for approval of the relocation of its Perth Amboy Customer Service Center ("CSC") from 313 Madison Avenue, to 271 King Street., which is approximately 0.2 miles from the existing Perth Amboy CSC. The Company has complied with N.J.A.C. 14:3-5.1, including mailing copies of the petition, to the Clerk of the affected municipality, the Board and the New Jersey Division of Rate Counsel ("Rate Counsel").

In its petition, PSE&G states the current CSC is located in a rental property, with a lease that is scheduled to expire on October 31, 2017. The relocation of the CSC is intended to provide an improved customer experience through a newly renovated space with less likelihood of closures due to existing issues experienced at the current facility. Several facility issues have resulted in the need to close Perth Amboy CSC for the day on numerous occasions. The Company seeks long-term space option that would maintain benefits to customers while minimizing concerns about future customer service center location disruptions. PSEG will continue to maintain the existing CSC at 313 Madison Avenue, which will allow them to maintain its CSC for customers in Perth Amboy in the existing location, while renovating the new site. Petitioner expects that the new site will be under renovation as early as the first quarter 2017 and it is anticipated that the facility will be ready to open as a CSC in or about October 2017, subject to acquiring all necessary permits and approvals. As with the existing CSC, the new location will provide customers with bill payment, billing, and assistance.

Notice of the relocation was/is posted at the current CSC. In addition the company published notice of the relocation in the Newark Star Ledger and the Home News & Tribune on November 1, 2016. The public notice detailed the relocation and informed the public that they may submit written comments to the Board with respect to the relocation.

Like the existing CSC, the new Perth Amboy location is close to Route 440, the Garden State Parkway, and the New Jersey Turnpike, major highways that link various points throughout the State of New Jersey and beyond. Overall, vehicular access is good. Public transportation is provided by New Jersey Transit ("NJT") buses and trains. As stated above, the proposed location at 271 King Street is located 0.2 miles away from the current location at 313 Madison Avenue, and enjoys the same access to mass transit that the current CSC offers. The New Jersey Transit Perth Amboy train station is about 0.4 miles from the King Street location; bus service is available as well. The new location will provide comparable convenience to customers with better access to public parking as well as convenient access to public transportation. Also, the new facility will be constructed to ensure compliance with requirements of the Americans with Disabilities Act for first floor access.

PSE&G will be continuing the same hours of operation at the new location with the same personnel. It projects rental costs that will be comparable to current costs. PSEG will also be incurring fit-out expenses of approximately \$1.2 million to equip the new space to operate as a CSC. The Company currently pays annual base rent of \$71,982 for the 2,892 square-foot Perth Amboy CSC on Madison Avenue (\$24.89 per square foot). At the time of the filing, Petitioner was in negotiations for a ten-year lease with an annual rent of \$63,000 for 3,000 square feet associated with the new space (\$21.50 per square foot for the first five years, and \$24.00 for the second five years). PSE&G evaluated multiple properties in the area surrounding the existing CSC, and obtained guidance from independent real estate professionals

In order to keep the public informed of the switch in locations, PSE&G states it will:

- Post notices at the current CSC.
- Public notifications were placed in the area newspapers, including information for customers who wish to submit objections in writing.
- The new CSC address will be printed on the bill for customers in the area.
- All Inquiry and Collection telephone personnel as well as field collection personnel will have information to properly direct customers to the new location.
- Local social and senior agencies will be provided information regarding the new location so they can forward it to their clients.
- Government officials will be notified.
- Public Service's website will be updated to reflect the new CSC address.

Rate Counsel advised Board Staff by letter dated November 30, 2016 that it has no objections to PSE&G's relocation of its CSC location in Perth Amboy. Rate Counsel requested that any Board Order granting the petition contain the following provisions:

1. PSE&G shall develop a contingency plan in the event that both its current and its proposed new CSC locations in Perth Amboy become unavailable before completion of the renovation and relocation process.

2. PSE&G shall maintain, at a minimum, the same hours of operation, staffing levels, and a level of service at the Perth Amboy CSC after its relocation.
3. PSE&G shall maintain, at a minimum, the level of accessibility for persons with disabilities at the relocated Perth Amboy CSC as required by the Americans with Disabilities Act.
4. PSE&G shall notify the Board and Rate Counsel if it anticipates any changes in the hours of operation, staffing levels, or level of service at the Perth Amboy CSC after its relocation.
5. This Order shall not affect nor in any way limit the exercise of the authority of the Board or of this State, in any future Petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or any other matter affecting the Petitioner.

After review of the entire record in this matter, including the comments filed on behalf of Rate Counsel, the Board **HEREBY FINDS**:

1. On October 19, 2016, PSE&G filed a petition, pursuant to N.J.A.C. 14:3-5.1, to relocate its Perth Amboy CSC from 313 Madison Avenue to 271 King Street; and
2. PSE&G has complied with N.J.A.C. 14:3-5.1, including the relevant notice requirements; and
3. No objections to this relocation have been received by the Board; and
4. The relocation of the office located at 313 Madison Avenue, Perth Amboy, New Jersey to 271 King Street, Perth Amboy, New Jersey is not unreasonable and will not unduly prejudice the public interest.

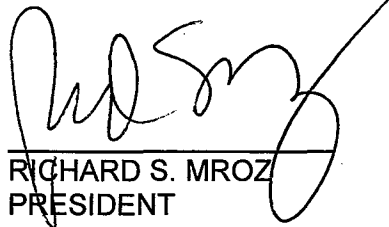
Therefore, based on the foregoing, the Board **HEREBY APPROVES** the relocation of PSEG's CSC office located at 313 Madison Avenue, Perth Amboy, New Jersey to 271 King Street, Perth Amboy, New Jersey, subject to the following conditions:

1. PSEG's King Street CSC shall maintain the same hours of operation and level of service as were provided at its Madison Avenue location;
2. PSE&G shall develop a contingency plan in the event that both its current and its proposed new CSC locations in Perth Amboy become unavailable before completion of the renovation and relocation process.
3. PSE&G shall maintain the level of accessibility for persons with disabilities at the relocated Perth Amboy CSC as required by the Americans with Disabilities Act.
4. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by CenturyLink.
5. This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any future petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation or any other matter affecting the Company, including any request that may be made to recover costs associated with this move.

The Order shall become effective on March 4, 2017.

DATED: 2/22/17

BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



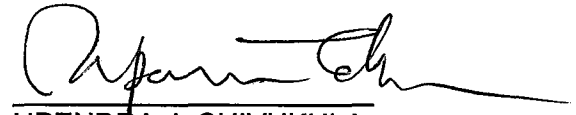
JOSEPH L. FIORDALISO
COMMISSIONER



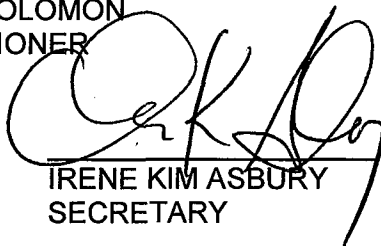
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

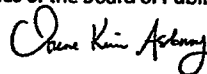


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 

IRENE KIM ASBURY
SECRETARY

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



**In the Matter of the Petition of Public Service Electric and Gas Company Pursuant to
N.J.A.C. 14:3-5.1(c) for Approval of the Relocation of its Perth Amboy Customer Service
Center From 313 Madison Avenue to 271 King Street, Perth Amboy, New Jersey**

BPU Docket No. EO16100982

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Send 12/2/16

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BOARD OF PUBLIC UTILITIES
MAIL ROOM

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Director

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November 30, 2016

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

Via e-mail and Regular U.S. Mail

Irene Kim Asbury, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

**Re: I/M/O Petition of Public Service Electric and Gas Company Pursuant to N.J.A.C. 14:3-5.1(c) for Approval of the Relocation of its Perth Amboy Customer Service Center from 313 Madison Avenue to 271 King Street, Perth Amboy, New Jersey
BPU Docket No. EO16100982**

Dear Secretary Asbury:

Please accept for filing in the above-referenced matter an original and ten (10) copies of the New Jersey Division of Rate Counsel's ("Rate Counsel") comments regarding the Public Service Electric and Gas Company ("PSE&G" or "the Company") Petition to relocate its Perth Amboy Customer Service Center ("CSC") from 313 Madison Avenue to 271 King Street. We enclose one additional copy. Please date stamp it as "filed" and return it in the enclosed self-addressed stamped envelope. Thank you for your attention to this matter.

E. Hartsfield

Summary

Rate Counsel does not object to the proposed relocation of PSE&G's Perth Amboy CSC to the newly renovated location, subject to the conditions set forth herein. The Perth Amboy CSC is very busy, with about 85,000 visits each year. Accordingly, Rate Counsel recommends that PSE&G develop a contingency plan in the event that a maintenance issue, or a delay in renovation and relocation, renders both the current and proposed new CSC locations in Perth Amboy unavailable. We also note that the Board rule under which this matter should proceed is N.J.A.C. 14:3-5.1(e), which requires filing a request for approval at least 60 days before the proposed relocation of a CSC, rather than N.J.A.C. 14:3-5.1(c), which requires only a notice 14 business days before changing the functions of such an office.

Background

PSE&G is a public utility of the State of New Jersey having an office at 80 Park Plaza, Newark, New Jersey. PSE&G is subject to the jurisdiction of the New Jersey Board of Public Utilities ("BPU" or the "Board"). PSE&G supported its Petition with the Affidavit of Marselle Woolridge, Manager Operations - Customer Service Centers of PSE&G, dated October 17, 2016, and its responses to Rate Counsel's discovery requests RCR-1 through RCR-18.

On October 18, 2016, PSE&G filed the above-referenced petition with the Board seeking approval under N.J.A.C. 14:3-5.1(c) to relocate its Perth Amboy CSC, located at 313 Madison Avenue, to 271 King Street in Perth Amboy, commencing on or about October 31, 2016, when the lease on its current facility expires. (Petition ¶ 1) PSE&G proposes to relocate its Perth Amboy CSC due to maintenance issues with the current

facility that have caused numerous disruptive closures. (Petition ¶ 2; RCR-1)

Renovating the current facility safely would require closing it.¹ (RCR-1)

The proposed new CSC is located approximately 0.2 miles from the current CSC location. (Petition ¶ 3) The proposed new CSC requires renovations, which PSE&G estimates can begin during the first quarter of 2017. (Id.) Subject to acquiring all necessary permits and approvals, PSE&G anticipates that the renovated new location should be ready to open as a CSC in or about October 2017. (Id.) PSE&G anticipates that its Perth Amboy CSC should be able to continue operating in its current location at 313 Madison Avenue until its renovated new location at 271 King Street is ready to open as a CSC. (Petition ¶ 3; Woolridge Aff. ¶ 4; RCR-9 and -10) PSE&G has committed that, if it must close the current CSC temporarily, it will notify the Board and make every effort to minimize customer inconvenience. (Woolridge Aff. ¶ 4; RCR-9)

Relocation of the Perth Amboy CSC to a newly renovated location

Rate Counsel is unable to opine as to the cost-effectiveness of the proposed renovations, as PSE&G has prepared only a preliminary estimate of approximately \$1.2 million in costs. (Petition ¶ 6; RCR-2 and -3) PSE&G also estimates that closing the current CSC will cost an additional \$70,000. (RCR-4)

PSE&G anticipates an increase in total annual operational expenses for its Perth Amboy CSC after the relocation. PSE&G anticipates that, over the next five years, those costs will range from \$400,399 starting in Year 1 to \$447,723 in Year 5. (RCR-7) The

¹ Since the reason(s) for relocating to the proposed new location rather than renovating the current facility are unclear, (e.g. renovations excessively costly or extensive, out of PSE&G's control as tenant, etc.), Rate Counsel reserves its rights to challenge the prudence of the relocation and renovation costs in an appropriate future proceeding.

Company's total projected operating costs during year one in the newly renovated Perth Amboy CSC (\$400,399) will be approximately 16,000, or 4.2%, higher than those reported for 2015 in the CSC at its current location (\$384,044).² (RCR-7) PSE&G now pays \$79,446 per year to rent its current location, and is negotiating a 10-year lease at the new location with annual rent starting at \$75,000 in year one and increasing to \$84,413 in year five. (Petition ¶ 6; RCR-7) The cost of cleaning service will remain unchanged, while all other services (labor, courier, security and utilities) will increase.

PSE&G plans to relocate its CSC into the renovated ground floor of a multi-story building. (Petition ¶ 6) After renovation, PSE&G plans to provide the same services with the same personnel and during the same hours as it does currently. (Petition ¶¶ 3 and 7; RCR-14 through -18) The renovated Perth Amboy CSC is expected to be fully compliant with the Americans with Disabilities Act. (Petition ¶ 11)

The new CSC location is only 0.2 miles away from the current location. (Petition ¶ 7 and Woolridge Aff. ¶ 3) Both locations are equally well served by automobile access from nearby highways and New Jersey Transit buses and trains. (Petition ¶¶ 4 and 7) The new location will be comparably convenient, with better access to public parking. (Petition ¶ 7) The new CSC will be located closer to the Perth Amboy CSC for Elizabethtown Gas Company, providing some convenience for PSE&G customers served by both utility companies. (Petition ¶ 3)

² Since the reason(s) for these operating cost increases are unclear, Rate Counsel reserves its rights to challenge their prudence in an appropriate future proceeding.

Rate Counsel agrees with the Company that the accounting for its renovation and relocation costs will be subject to review in its next base rate case, and reserves all our rights in that regard. (See RCR-5 and -6)

Analysis

1. Notice

The Board's regulations provide that simultaneously with the filing of a petition to close or relocate an office, a utility must notify its customers and the clerk of each affected municipality of the pending application for permission to relocate or close the subject office, N.J.A.C. 14:3-5.1(e)(2), and, within three days of filing the petition, the utility must publish a notice in the newspaper(s) serving the affected area. Id.

In support of its Petition, PSE&G provided the affidavit of Marselle Woolridge, stating that it will post notice of this Petition at the Perth Amboy CSC and publish it in two newspapers serving the affected area, the Star Ledger and the Home News& Tribune, (Petition ¶ 11; Woolridge Aff. ¶ 6), and will serve it on the Clerk of the City of Perth Amboy. (Petition ¶ 10; Woolridge Aff. ¶ 7) PSE&G also has represented that, once it obtains approval from the Board for the relocation, it has developed a detailed communications plan to advise community organizations, including but not limited to local social and senior agencies, as well as government officials, of the relocation. (Petition ¶ 9)

In accord with the Board's regulations, N.J.A.C. 14:3-5.1(e)2, the proposed public notices advise customers and the City of Perth Amboy of their right to file comments on the proposed renovation and temporary closure with the Board.

2. Reasonable/Public Interest

The Board's regulations provide that, when seeking to close or relocate an office, a utility must demonstrate to the Board that the closure or relocation is not unreasonable and will not unduly prejudice the public interest. N.J.A.C. 14:3-5.1(e)(1).

The Perth Amboy CSC is very busy, with approximately 85,000 in-person visits during 2015. (Woolridge Aff., Ex. 1) Approximately 87% of those visits are payment transactions; the other 13% involve other services. (Id.) The high level of usage of the Perth Amboy CSC illustrates the importance of PSE&G opening in its new location promptly to avoid inconvenience and disruption to thousands of customer service visits. PSE&G's plan to keep its current CSC open until renovation of the new location is complete, (RCR-9), and if necessary to extend the lease on its current CSC location or complete renovations during off hours and weekends, (RCR-10), should avoid such inconvenience. Rate Counsel recommends, however, that PSE&G develop a contingency plan in the event that such delay or a maintenance issue with its current CSC renders both CSC locations in Perth Amboy unavailable.

In summary, based on the information provided to Rate Counsel, PSE&G has demonstrated that its proposal to relocate the Perth Amboy CSC to a nearby renovated location is reasonable and should not unduly prejudice the public interest if PSE&G develops such a contingency plan.

Recommendation

Rate Counsel does not object to PSE&G's Petition seeking approval to relocate its Perth Amboy CSC to a newly renovated location, but reserves the right to review the rate impact and prudence of the costs incurred for the renovation and relocation in the Company's next base rate case. Rate Counsel respectfully asks the Board to require

PSE&G to develop a contingency plan in the event that both its current and its proposed new CSC locations in Perth Amboy become unavailable, and to meet certain other conditions set forth below.

Accordingly, Rate Counsel recommends that any Board Order approving PSE&G's Petition contain the following language:


1. PSE&G shall develop a contingency plan in the event that both its current and its proposed new CSC locations in Perth Amboy become unavailable before completion of the renovation and relocation process.
2. PSE&G shall maintain, at a minimum, the same hours of operation, staffing levels, and level of service at the Perth Amboy CSC after its relocation.
3. PSE&G shall maintain, at a minimum, the level of accessibility for persons with disabilities at the relocated Perth Amboy CSC as required by the Americans with Disabilities Act.
4. PSE&G shall notify the Board and Rate Counsel if it anticipates any changes in the hours of operation, staffing levels, or level of service at the Perth Amboy CSC after its relocation.
5. This Order shall not affect nor in any way limit the exercise of the authority of the Board or of this State, in any future Petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or any other matter affecting the Petitioner.

Ms. Irene Kim Asbury
November 30, 2016
Page 8

PSE&G's agreement to meet the terms set forth above, would address Rate
Counsel's concerns about the Petition.

Very truly yours,

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: 
Brian Weeks, Esq.
Deputy Rate Counsel

c. Service List

IN THE MATTER OF THE PETITION OF PSE&G
COMPANY PURSUANT TO N.J.A.C. 12:3-5.1(C)
FOR APPROVAL OF THE RELOCATION OF ITS
PERTH AMBOY CUSTOMER SERVICE CENTER
FROM 313 MADISON AVENUE TO 271 KING
STREET, PERTH AMBOY, NJ
BPU Dkt. No. EO 16100982

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